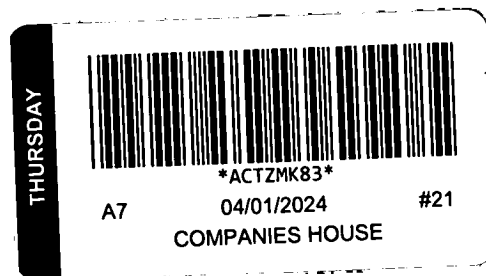


Company registration number 02666988 (England and Wales)

**AGD SYSTEMS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2023**



# AGD SYSTEMS LIMITED

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# AGD SYSTEMS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 APRIL 2023

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The directors present the strategic report for the year ended 30 April 2023.

#### Review of the business

The results for the year which are set out in the Statement of Comprehensive Income show turnover of £12,077,043 (2022 £11,676,750) and an operating profit of £1,590,053 (2022 £2,327,658). At 30 April 2023 the company had net assets of £7,678,049 (2022 £8,183,459). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

The directors believe that the business environment will remain competitive, particularly in the light of the continuing shortages of electronic and other manufacturing commodity supplies and industry technological developments (see principal risks and uncertainties below), but believe that the company remains in a strong financial position and with the research and development investment which the company has made in recent years and continues to make, they remain confident that the company will remain profitable.

The company's key financial and other performance indicators during the year were as follows:

	2023	2022
Turnover (£000's)	12,077	11,677
Gross margin (%)	46	52
Operating profit (£000's)	1,590	2,328
Profit before tax (£000's)	1,591	2,328
Net assets (£000's)	7,678	8,184


#### Principal risks and uncertainties

The principal risks facing the company are in respect of competition, government policies, advances in technological development and shortages of electronic and other manufacturing commodity supplies.

The directors are aware of these risks and are mitigating them, as far as possible, by holding strategy reviews, making in the past and continuing to make in the future significant research and development investment, and using the company's cash reserves to increase forward buying of stock as required.

With these measures in place, the company continues to operate profitably. The company has a high level of cash reserves and the directors believe turnover will remain at levels to allow the company to operate profitably in the future, as there is no indication that UK and overseas traffic infrastructure expenditure will be significantly curtailed.

On behalf of the board



P.M. Hutchinson

Director

Date: 5/12/2023

# AGD SYSTEMS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 APRIL 2023**

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The directors present their annual report and financial statements for the year ended 30 April 2023.

### **Principal activities**

The principal activity of the company continued to be that of the design, development and manufacture of detection and signalling equipment, to meet the requirements of the traffic management industry and users and the provision of associated services.

### **Results and dividends**

The results for the year are set out on page 7.

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

### **Directors**

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

D.M. Nelson  
I.G. Hind  
P.M. Hutchinson  
D. Woodward

### **Research and development**

The company continues to invest significant amounts of money in research and development. During the year qualifying expenditure amounted to £563,199 (2022 £731,401).

### **Future developments**

The company continues to operate profitably. The company has a high level of cash reserves and the directors believe turnover will remain at levels to allow the company to operate profitably in the future, as there is no indication that UK and overseas traffic infrastructure expenditure will be significantly curtailed.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Pitt Godden & Taylor LLP be reappointed as auditor of the company will be put at a General Meeting.

# AGD SYSTEMS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2023**

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### 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

### Statement of disclosure to auditor

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- So far as the director is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and;
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



P.M. Hutchinson

**Director**

Date: 5/12/2023

# AGD SYSTEMS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF AGD SYSTEMS LIMITED

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#### Opinion

We have audited the financial statements of AGD Systems Limited (the 'company') for the year ended 30 April 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### 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 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.

# AGD SYSTEMS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF AGD SYSTEMS LIMITED

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### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, skills and ability to identify any non-compliance with laws and regulations; and
- we identified the laws and regulations applicable to the company via discussions with the directors and other management and from our knowledge of the sector in which the client operates; and
- we focused on the laws which we felt were of particular significance to the company's operations, which included the Companies Act 2006, health and safety, employment and data protection; and
- we assessed the extent of the compliance with the laws and regulations identified above through enquiry of management and inspecting legal costs.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
- we documented, assessed and tested the internal controls in place to reduce the likelihood of any incidences of fraud or non-compliance.

# AGD SYSTEMS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF AGD SYSTEMS LIMITED

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To assess the risk of fraud through management bias and override of controls, we:

- performed analytical review procedures; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- reviewed a sample of expenditure transactions from the company records for appropriate authorisation.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing the disclosures in the financial statements to underlying documentation;
- reviewing the minutes of those charged with governance; and
- enquiring of management as to actual potential claims and liabilities.

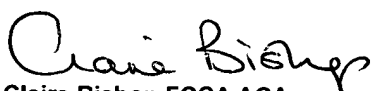
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of any relevant regulatory correspondence.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.



**Claire Bishop FCCA ACA**

**Senior Statutory Auditor**

**For and on behalf of Pitt Godden & Taylor LLP**

Date: 5/11/23

**Chartered Accountants**

**Statutory Auditor**

Unit 3 Ambrose House  
Meteor Court  
Barnett Way  
Barnwood  
Gloucester  
GL4 3GG

# AGD SYSTEMS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2023

	Notes	2023 £	2022 £
Turnover	3	12,077,043	11,676,750
Cost of sales		(6,488,193)	(5,648,428)
<b>Gross profit</b>		<b>5,588,850</b>	<b>6,028,322</b>
Distribution costs		(557,620)	(489,464)
Administrative expenses		(3,441,177)	(3,211,200)
<b>Operating profit</b>	4	<b>1,590,053</b>	<b>2,327,658</b>
Interest receivable and similar income	8	1,255	175
Interest payable and similar expenses	9	(96)	(89)
<b>Profit before taxation</b>		<b>1,591,212</b>	<b>2,327,744</b>
Tax on profit	10	(96,622)	(117,809)
<b>Profit for the financial year</b>		<b>1,494,590</b>	<b>2,209,935</b>

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


# AGD SYSTEMS LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		-		135,648
Other intangible assets	12		7		7
Total intangible assets			7		135,655
Tangible assets	13		340,184		220,374
			340,191		356,029
<b>Current assets</b>					
Stocks	16	3,883,862		2,322,665	
Debtors	17	2,995,791		2,890,934	
Cash at bank and in hand		2,987,079		5,047,226	
			9,866,732		10,260,825
<b>Creditors: amounts falling due within one year</b>	18	(2,422,680)		(2,344,271)	
<b>Net current assets</b>			7,444,052		7,916,554
<b>Total assets less current liabilities</b>			7,784,243		8,272,583
<b>Provisions for liabilities</b>					
Provisions	19	50,264		68,980	
Deferred tax liability	20	55,930		20,144	
			(106,194)		(89,124)
<b>Net assets</b>			7,678,049		8,183,459
<b>Capital and reserves</b>					
Called up share capital	22		10,002		10,002
Profit and loss reserves			7,668,047		8,173,457
<b>Total equity</b>			7,678,049		8,183,459

The financial statements were approved by the board of directors and authorised for issue on 5/12/2023 and are signed on its behalf by:

  
 .....  
 P.M. Hutchinson  
 Director

Company Registration No. 02666988

# AGD SYSTEMS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2023

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 May 2021</b>		10,002	6,613,522	6,623,524
<b>Year ended 30 April 2022:</b>				
Profit and total comprehensive income for the year		-	2,209,935	2,209,935
Dividends	11	-	(650,000)	(650,000)
<b>Balance at 30 April 2022</b>		10,002	8,173,457	8,183,459
<b>Year ended 30 April 2023:</b>				
Profit and total comprehensive income for the year		-	1,494,590	1,494,590
Dividends	11	-	(2,000,000)	(2,000,000)
<b>Balance at 30 April 2023</b>		10,002	7,668,047	7,678,049

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

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### 1 Accounting policies

#### Company information

AGD Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is White Lion House, Gloucester Road, Staverton, Cheltenham, Gloucestershire, GL51 0TF.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with 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.

This 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 therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of The Traffic Group Limited. These consolidated financial statements are available from its registered office, White Lion House, Gloucester Road, Staverton, Cheltenham, Gloucestershire, GL51 0TF.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

#### 1.2 Going concern

The directors have considered carefully the future of the company, particularly and at the time of approving the financial statements, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 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, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

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### 1 Accounting policies

(Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 3 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 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.

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

Software	20% straight line
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#### 1.7 Tangible fixed assets

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	Tooling: 33.33% straight line basis. Other: 15% reducing balance basis
Fixtures, fittings & equipment	Computer equipment: 33.33% basis. Office equipment: 15% reducing balance basis
Motor vehicles	Cars: 33.33% straight line basis. Vans: 25% straight line basis. Residual 25% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

---

### 1 Accounting policies

(Continued)

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable and material, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

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### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

---

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.12 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.13 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. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company'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. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.14 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

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### 1 Accounting policies

(Continued)

#### 1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.16 Retirement benefits

The company operates a self administered, defined contribution scheme for certain directors. Contributions are charged to the profit and loss account as incurred.

Other contributions are periodically paid to externally managed defined contribution schemes in respect of other employees. Contributions are also charged to the profit and loss account as incurred.

#### 1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.18 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 in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

#### Critical judgements

##### *Warranty provision*

Judgements have been made by management in these financial statements in the preparation of the company's warranty provision. The carrying value of this provision at the balance sheet date was £50,264 (2022 £68,980).

##### *Goodwill amortisation*

Judgements have been made by management in these financial statements in the calculation of amortisation of goodwill. The amortisation charged in the year was £135,648 (2022 £62,607) and the written down value of the goodwill at the year end was £nil (2022 £135,648).

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

### 3 Turnover and other revenue

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

	2023	2022
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	10,306,443	9,139,820
Overseas	1,770,600	2,536,930
	<u>12,077,043</u>	<u>11,676,750</u>

	2023	2022
	£	£
<b>Other revenue</b>		
Interest income	1,255	175
	<u>1,255</u>	<u>175</u>

### 4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	1,322	10,164
Research and development costs - qualifying	563,199	731,401
Fees payable to the company's auditor for the audit of the company's financial statements	9,950	11,650
Depreciation of owned tangible fixed assets	133,434	83,139
Profit on disposal of tangible fixed assets	(10,390)	(64,093)
Amortisation of intangible assets	135,648	62,607
Operating lease charges	133,843	113,824
	<u>1,322</u>	<u>10,164</u>

### 5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	9,950	11,650
	<u>9,950</u>	<u>11,650</u>
<b>For other services</b>		
All other non-audit services	3,967	3,780
	<u>3,967</u>	<u>3,780</u>

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

### 6 Employees

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

	2023 Number	2022 Number
Directors	3	3
Other	47	47
Total	<u>50</u>	<u>50</u>

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	2,209,279	2,060,396
Social security costs	240,336	228,426
Pension costs	236,004	140,955
	<u>2,685,619</u>	<u>2,429,777</u>

### 7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	435,629	258,050
Company pension contributions to defined contribution schemes	60,513	29,687
	<u>496,142</u>	<u>287,737</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

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

	2023 £	2022 £
Remuneration for qualifying services	187,650	94,070
Company pension contributions to defined contribution schemes	-	19,289
	<u>187,650</u>	<u>113,359</u>

### 8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	1,255	175
	<u>1,255</u>	<u>175</u>

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

### 9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	96	89

### 10 Taxation

	2023	2022
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	60,300	108,040
Adjustments in respect of prior periods	536	941
Total current tax	60,836	108,981
<b>Deferred tax</b>		
Origination and reversal of timing differences	30,488	1,507
Changes in tax rates	5,298	7,321
Total deferred tax	35,786	8,828
Total tax charge	96,622	117,809

The actual charge 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:

	2023	2022
	£	£
Profit before taxation	1,591,212	2,327,744
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2022: 19.00%)	310,286	442,271
Tax effect of expenses that are not deductible in determining taxable profit	504	960
Adjustments in respect of prior years	536	941
Effect of change in corporation tax rate	5,298	7,321
Depreciation on assets not qualifying for tax allowances	-	637
Amortisation on assets not qualifying for tax allowances	26,452	11,895
Research and development tax credit	(138,799)	(180,656)
Other permanent differences	(97,193)	(159,849)
Effect of Superdeduction	(10,462)	(5,711)
Taxation charge for the year	96,622	117,809

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

### 11 Dividends

	2023 £	2022 £
Interim paid	2,000,000	650,000

### 12 Intangible fixed assets

	Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 May 2022	250,428	143,337	393,765
Disposals	(250,428)	-	(250,428)
At 30 April 2023	-	143,337	143,337
<b>Amortisation and impairment</b>			
At 1 May 2022	114,780	143,330	258,110
Amortisation charged for the year	135,648	-	135,648
Disposals	(250,428)	-	(250,428)
At 30 April 2023	-	143,330	143,330
<b>Carrying amount</b>			
At 30 April 2023	-	7	7
At 30 April 2022	135,648	7	135,655

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

### 13 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 May 2022	407,262	438,632	105,824	951,718
Additions	164,125	35,261	68,049	267,435
Disposals	-	(119,777)	(46,947)	(166,724)
At 30 April 2023	571,387	354,116	126,926	1,052,429
<b>Depreciation and impairment</b>				
At 1 May 2022	341,945	316,433	72,966	731,344
Depreciation charged in the year	52,483	66,331	14,620	133,434
Eliminated in respect of disposals	-	(119,729)	(32,804)	(152,533)
At 30 April 2023	394,428	263,035	54,782	712,245
<b>Carrying amount</b>				
At 30 April 2023	176,959	91,081	72,144	340,184
At 30 April 2022	65,317	122,199	32,858	220,374

### 14 Subsidiaries

Details of the company's subsidiaries at 30 April 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Radix Traffic Limited	White Lion House, Gloucester Road, Staverton, Glos, GL51 OTF	Non trading	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Radix Traffic Limited	66,400	-

### 15 Financial instruments

	2023	2022
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	2,741,236	2,730,304
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,160,538	1,986,686

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

<b>16 Stocks</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	3,526,327	2,052,673
Finished goods and goods for resale	357,535	269,992
	<u>3,883,862</u>	<u>2,322,665</u>
<b>17 Debtors</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	2,035,300	2,002,596
Corporation tax recoverable	15,939	171
Amounts owed by group undertakings	698,140	719,787
Other debtors	7,796	7,921
Prepayments and accrued income	238,616	160,459
	<u>2,995,791</u>	<u>2,890,934</u>
<b>18 Creditors: amounts falling due within one year</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,465,094	1,348,265
Amounts owed to group undertakings	158,936	417,049
Corporation tax	-	108,040
Other taxation and social security	262,142	249,545
Accruals and deferred income	536,508	221,372
	<u>2,422,680</u>	<u>2,344,271</u>
<b>19 Provisions for liabilities</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Stock warranty	<u>50,264</u>	<u>68,980</u>

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2023

### 19 Provisions for liabilities (Continued)

Movements on provisions:

	<b>Stock warranty £</b>
At 1 May 2022	68,980
Reversal of provision	(18,716)
	50,264
At 30 April 2023	50,264

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	<b>Liabilities 2023 £</b>	<b>Liabilities 2022 £</b>
<b>Balances:</b>		
Fixed asset timing differences	55,930	20,144
<b>Movements in the year:</b>		<b>2023 £</b>
Liability at 1 May 2022		20,144
Charge to profit or loss		30,488
Effect of change in tax rate - profit or loss		5,298
Liability at 30 April 2023		55,930

### 21 Retirement benefit schemes

	<b>2023 £</b>	<b>2022 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	236,004	140,955

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# AGD SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2023

### 22 Share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital Authorised</b>				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	10,002	10,002	10,002	10,002
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 23 Financial commitments, guarantees and contingent liabilities

The company has made a guarantee in favour of HM Revenue and Customs, via HSBC UK, for £76,000.

### 24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £	2022 £
Acquisition of tangible fixed assets	9,967	48,545
	<u>          </u>	<u>          </u>

### 25 Controlling party

The parent company of the smallest and largest group for which consolidated financial statements are drawn up is The Traffic Group Limited, a company incorporated in England and Wales. The Traffic Group Limited's registered office is White Lion House, Gloucester Road, Staverton, Glos, GL51 0TF.

The directors consider there is no ultimate controlling party.