EnSilica Limited

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

EnSilica Limited

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ENSILICA LIMITED
FOR THE YEAR ENDED 31 MAY 2020

DIRECTORS:	I W E Lankshear M N Hodgkins
REGISTERED OFFICE:	Building 3 115 Olympic Avenue Milton Park Abingdon Oxfordshire OX14 4SA
REGISTERED NUMBER:	04220106 (England and Wales)
AUDITORS:	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

ENSILICA LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2020

PRINCIPAL ACTIVITIES

EnSilica Limited is a private Group of companies, specialising in fabless semiconductor design and supply of custom Application Specific Integrated Circuits ("ASIC"s). The Group provides ASICs to Original Equipment Manufacturers ("OEM"s) and system houses, they also provide design services to companies with their own Integrated Circuit ("IC") design capabilities. The Group has world-class expertise in supplying custom RF, mmWave, mixed signal and digital ICs to its international customers in the automotive, industrial, healthcare and consumer markets. The Group also offers a portfolio of core Intellectual Property ("IP") covering cryptography, Radar, and communications systems. EnSilica has a track record in delivering high quality solutions to demanding industry standards.

REVIEW OF BUSINESS

The Group continues with its plan to reposition the business model and focus on the supply as well as the design of ASICs.

The business continues to invest in its ability to provide solutions to its core markets and in particular the automotive industry. In the year, the Group invested, after taking an impairment charge of £0.45 million, a total of £3.3 million in capitalised development costs before amortisation charges.

The Directors consider that the business has traded satisfactorily during the year considering the current COVID-19 pandemic and has managed to maintain close to normal business levels across both home and export markets. The turnover for the year is £6.5 million (2019: £6.3 million).

The Group generated an operating profit of £0.28 million (2019: £0.64 million) which converts into a profit for the year after tax of £0.78 million (2019: £1.46 million).

The exceptional item of £0.45 million relates to the impairment of a long term project which it was anticipated, in the Directors view, would yield less than the currently capitalised project completion asset.

The Directors feel that the Group is well placed to continue its growth and build a pipeline of ASIC supply business which will yield higher revenues and margins in the next 2 to 3 years.

KEY PERFORMANCE INDICATORS

The Directors of the Group have managed the Group's operations on a project by project basis. For this reason, the Directors believe that using key performance indicators for the Group is not necessary or appropriate for an understanding of the development, performance, or position of the Group.

RESULTS

The Group's retained profit for the year after a tax credit of £1.14 million is £0.78 million (2019: £1.46 million). No dividend is proposed.

The Directors have formed a judgement at the time of approving the financial statements that the Group has adequate resources available to continue operating for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

COVID-19 PANDEMIC

COVID-19 is an ongoing pandemic of coronavirus disease caused by severe acute respiratory syndrome coronavirus (SARS-coV-2). The outbreak was first identified in Wuhan, Hubei, China, in December 2019, reported to the World Health Organisation (WHO) Country Office in China on 31 December 2019 and recognised as a pandemic by the WHO on 11 March 2020.

The Group is closely monitoring developments relating to the COVID-19 outbreak and the ensuing Government mandated lockdowns. The Group has taken all reasonable steps to mitigate and manage the potential impact of COVID-19 and ensure compliance with all Government directives regarding employee safety.

COVID-19 PANDEMIC (Continued)

While current economic forecasts indicate that there are no significant credit risk impacts on the recoverability of debtor's balances and the ability of customers to pay and no material effect on future sales and earnings, there are potential risks from the following which require constant monitoring.

- Impact on the Group's revenue due to lower than forecasted sales due to delayed and deferred ASIC sales.
- Disruptions to business operations resulting from quarantine of employees, customers and suppliers in areas affected by the outbreak.
- Disruptions to business operations resulting from travel restrictions and reduced customer spending.

As a result of the uncertainty around the duration of the Virus' impact, the Group's overriding objectives in formulating its response were to maintain the safety and wellbeing of its employee base and help ensure its customers and suppliers continue to receive the best possible levels of service. To mitigate and control these risks the following specific actions have been taken by the Group's management:

a. **Coronavirus Business Interruption Loan (CBIL)**

The Group has post year end obtained a CBIL for £2.5m to ensure business continuity during the pandemic. This loan is secured on the Group's assets and no interest is payable within the first 12 months.

b. **Credit Checks on Potential Customers**

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made.

c. **Remote Working by Staff**

The Group at this time commits to respect individual requests to maintain remote working status either due to the individual's comfort level in returning to a group setting, or in need to continue to provide elderly or childcare, or in consideration of pre-existing medical conditions.

BREXIT

Though the Group believes that the impact of Britain's departure from the European Union (BREXIT) on the business will be negligible it has moved to mitigate any possible downside by taking steps towards forming a subsidiary based in Germany, EnSilica Germany GmbH.

ON BEHALF OF THE BOARD:

DocuSigned by:
Ian Lankshear
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I W E Lankshear - Director

Date: 1st September 2021

ENSILICA LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2020

The directors present their report with the financial statements of the Group for the year ended 31 May 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2020.

RESEARCH AND DEVELOPMENT

The policy of the Group is to invest in product innovation and process development at a level necessary to retain and enhance its market position.

FUTURE DEVELOPMENTS

Since the end of the year the business has continued to grow both its customer base and product and service offering. Innovation and quality are at the core of the EnSilica business model, and the Group is committed to further investment in a range of applications across the automotive industry and the industrial sector.

DIRECTORS

The directors during the year under review were:

I W E Lankshear
M N Hodgkins

The beneficial interests of the directors holding office on 31 May 2020 in the issued share capital of the Group were as follows:

	2020	2019
A Ordinary £1 shares		
I W E Lankshear	650	650
M N Hodgkins	-	-
B Ordinary £1 shares		
I W E Lankshear	252	252
M N Hodgkins	21	21

DONATIONS

The Group made no charitable or political donations during the year.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of changes in market prices, exchange rate risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and exposure to fluctuations in exchange rates.

Credit risk
The Group has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk
The Group actively maintains a mixture of long-term and short-term debt finance facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions.

Interest rate risk
The Group holds certain liabilities, on its balance sheet, which are subject to differing interest risks. The Group has a balanced policy of maintaining long term debt at fixed rates and working capital facilities at variable rates. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors, 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 Group will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR'S
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group'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 Group's auditors are aware of that information.

AUDITORS
The auditors, UHY Hacker Young, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

DocuSigned by:
Ian Lankshear
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I W E Lankshear - Director

Date: 1st September 2021.

ENSILICA LIMITED
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ENSILICA LIMITED

Opinion

We have audited the financial statements of EnSilica Limited (the 'Parent Company') and its subsidiaries (together the 'Group) for the year ended 31 May 2020 which comprise consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, parent company statement of financial position, parent company statement of changes in equity, consolidated cash flow statement and the related notes. 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"*.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's 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 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 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

Matters on which we are required to report by exception

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, 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 a Report of the Auditors 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 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 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.

Other matters

The prior period financial statements were not audited, therefore the comparatives do not form part of our opinion.

UHY Hacker Young

Daniel Hutson (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young
Quadrant House
4 Thomas More Square
London E1W 1YW

Date: 1st September 2021

ENSILICA LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020 £	2019 Unaudited £
TURNOVER	5	6,452,194	6,269,803
Cost of sales		(3,514,355)	(3,095,075)
GROSS PROFIT		**2,937,839**	**3,174,728**
Administrative expenses		(2,711,224)	(2,503,835)
Other operating income/(expense)		57,802	(32,696)
OPERATING PROFIT	7	**284,417**	**638,197**
Interest receivable and similar income		19,107	5,898
Interest payable and similar expenses	8	(216,012)	(22,542)
PROFIT BEFORE TAX AND EXCEPTIONALS		**87,512**	**621,553**
Exceptional item	9	(450,000)	-
(LOSS)/PROFIT BEFORE TAXATION		**(362,488)**	**621,553**
Tax recoverable	10	1,143,102	839,300
PROFIT FOR THE FINANCIAL YEAR		**780,614**	**1,460,853**
Profit Attributable to:			
Owners of the Parent		780,612	1,460,852
Non-controlling interests		2	1
		780,614	**1,460,853**

ENSILICA LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020	2019 Unaudited
		£	£
PROFIT FOR THE FINANCIAL YEAR		780,614	1,460,853
Other Comprehensive (Expense) / Income			
Currency translation differences		(7,763)	3,091
TOTAL COMPREHENSIVE INCOME		**772,851**	**1,463,944**
Total Comprehensive Income Attributable to			
Owners of the Parent		772,849	1,463,943
Non-controlling interests		2	1
		772,851	**1,463,944**

ENSILICA LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2020

		2020		2019 Unaudited	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	12		6,843,870		4,085,791
Tangible assets	13		83,541		87,639
			6,927,411		4,173,430
CURRENT ASSETS					
Inventory	15	93,638		31,122	
Debtors	16	2,660,458		2,444,656	
Cash at bank and in hand		2,180,964		418,557	
		4,935,060		2,894,335	
CREDITORS					
Amounts falling due within one year	17	(2,809,768)		(1,883,840)	
NET CURRENT ASSETS			2,125,292		1,010,495
TOTAL ASSETS LESS CURRENT LIABILITIES			9,052,703		5,183,925
CREDITORS					
Amounts falling due after more than one year	18		(3,107,116)		(6,807)
PROVISIONS FOR LIABILITIES	22		(70,366)		(74,748)
NET ASSETS			5,875,221		5,102,370
CAPITAL AND RESERVES					
Called up share capital	24		1,973		1,973
Foreign exchange translation reserve	25		179		7,942
Retained earnings	25		5,873,064		5,092,452
Equity attributable to owners of the parent			5,875,216		5,102,367
Minority interest	25		5		3
TOTAL EQUITY			5,875,221		5,102,370

The notes on pages 16-34 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 1st September 2021 and were signed on its behalf by:

DocuSigned by:
Ian Lankshear
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Ian Lankshear
Chief Executive

DocuSigned by:
Mark Hodgkins
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Mark Hodgkins
Chairman

ENSILICA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 MAY 2020

	Called up share capital	Foreign exchange translation reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total Equity
	£	£	£	£	£	£
Balance at 1 June 2018	1,973	4,851	3,631,602	3,638,424	2	3,638,426
Profit for the Year	-	-	1,460,853	1,460,852	1	1,460,853
Other comprehensive income	-	3,091	-	3,091	-	3,091
Balance at 31 May 2019	1,973	7,942	5,092,455	5,102,367	3	5,102,370
Profit for the Year	-	-	780,614	780,612	2	780,614
Other comprehensive income	-	(7,763)	-	(7,763)	-	(7,763)
Balance as at 31 May 2020	1,973	179	5,873,069	5,875,216	5	5,875,221

ENSILICA LIMITED
PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2020

	Notes	2020 £	2020 £	2019 Unaudited Restated* £	2019 Unaudited Restated* £
FIXED ASSETS					
Intangible assets	12		6,843,870		4,085,791
Tangible assets	13		73,276		77,214
Investments	14		102		102
			6,917,248		4,163,107
CURRENT ASSETS					
Inventory	15	93,638		31,122	
Debtors	16	2,398,038		2,220,775	
Cash at bank and in hand		2,050,402		319,249	
		4,542,078		2,571,146	
CREDITORS					
Amounts falling due within one year	17	(2,780,013)		(1,832,183)	
NET CURRENT ASSETS			1,762,065		738,863
TOTAL ASSETS LESS CURRENT LIABILITIES			8,679,313		4,901,970
CREDITORS					
Amounts falling due after more than one year	18		(3,107,116)		(6,807)
NET ASSETS			5,572,197		4,895,263
CAPITAL AND RESERVES					
Called up share capital	24		1,973		1,973
Retained earnings b/f		4,893,290		3,544,373	
Comprehensive income		676,934		1,348,917	
Retained earnings			5,570,224		4,893,290
SHAREHOLDERS' FUNDS			5,572,197		4,895,263

* See Note 4 for details of restatements

The notes on pages 16-34 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 1st September 2021 and were signed on its behalf by:

DocuSigned by:
Ian Lankshear
6A84E7DFEE5F484...
Ian Lankshear
Chief Executive

DocuSigned by:
Mark Hodgkins
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Mark Hodgkins
Chairman

COMPANY REGISTERED NUMBER: 04220106

The company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Parent company profit and loss account.

ENSILICA LIMITED
PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 MAY 2020

	Called up share capital £	Retained earnings £	Total Equity £
Balance at 1 June 2018 (as previously stated)	**1,973**	**3,214,267**	**3,216,240**
Prior Year Adjustment 2018*	-	330,106	330,106
Balance at 1 June 2018 (Restated*)	**1,973**	**3,544,373**	**3,546,346**
Changes in equity			
Total comprehensive income	-	1,552,401	1,552,401
Profit effecting restatement adjustment *	-	(203,484)	(203,484)
Balance at 31 May 2019 (Restated*)	1,973	4,893,290	4,895,263
Change in equity			
Total comprehensive income	-	676,934	676,934
Balance at 31 May 2020	1,973	5,570,224	5,572,197

* See Note 4 for details of restatements

ENSILICA LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020	2019 Unaudited
		£	£
Cash flows from operating activities			
(Loss) / profit for the year before taxation		(362,488)	621,553
Taxation		1,143,102	839,300
Net profit for the year		780,614	1,460,853
Adjustments for:			
Depreciation of fixed assets		50,167	9,149
Amortisation of loan acquisition costs		9,250	-
Amortisation of intellectual property		99,873	76,843
Interest paid		212,511	18,498
Interest received		(19,107)	(5,898)
Impairment of capitalised development costs		450,000	-
Unrealised forex losses / gains on consolidation		(7,762)	3,091
Increase in inventory		(67,211)	(1,434)
(Increase) / decrease in receivables		(250,962)	361,354
Increase in current liabilities		601,499	227,446
Decrease in provisions		(4,382)	(55,039)
Net cash from operating activities		1,854,489	2,084,793
Cash flows from investing activities			
Expenditure on intangible assets		(3,307,952)	(2,477,756)
Purchase of tangible fixed assets		(48,733)	(44,202)
Proceeds from sale of fixed assets		2,665	5,231
Interest received		19,107	5,898
Net cash from investing activities		(3,334,913)	(2,510,829)
Cash flows from financing activities			
Loans taken out in year – revolving facilities		55,000	210,004
Loans taken out in year – capital loans		3,589,000	-
Loans repaid in year – capital loans		(160,006)	-
Loans (repaid) / taken out in year - other		(28,652)	28,652
Interest paid		(212,511)	(18,498)
Net cash from financing activities		3,242,831	220,158
Increase/(decrease) in cash and cash equivalents		1,762,407	(205,798)
Cash and cash equivalents at beginning of year		418,557	624,355
Cash and cash equivalents at end of year		2,180,964	418,557

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the Parent company statement of cash flows.

ENSILICA LIMITED
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2020

(i) ANALYSIS OF CHANGES IN NET DEBT

	01.06.2019	Cash flow	31.05.2020
	£	£	£
Net cash			
Cash at bank and in hand	418,557	1,762,407	2,180,964
Debt			
Finance leases	11,441	(4,669)	6,772
Debts falling due within 1 year	460,004	388,166	848,170
Debt falling due after 1 year	-	3,105,078	3,105,078
	471,445	3,488,575	3,960,020
Total	(52,888)	(1,726,168)	(1,779,056)

ENSILICA LIMITED
NOTES TO CONSOLIDATED THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

1. GENERAL INFORMATION

EnSilica Limited is a privately held Group of companies, limited by shares and incorporated in England and Wales. The company's registered office address is Building 3, 115 Olympic Avenue, Milton Park, Abingdon OX14 4SA.

The Group specialises in fabless semiconductor design and supply of custom Application Specific Integrated Circuits ("ASIC"s). The Group provides ASICs to Original Equipment Manufacturers ("OEM"s) and system houses, they also provide design services to companies with their own Integrated Circuit ("IC") design capabilities. The Group has world-class expertise in supplying custom RF, mmWave, mixed signal and digital ICs to its international customers in the automotive, industrial, healthcare and consumer markets. The Group also offers a portfolio of core Intellectual Property ("IP") covering cryptography, Radar, and communications systems. EnSilica has a track record in delivering high quality solutions to demanding industry standards.

2. ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Consolidated Financial Statements for the year ended 31 May 2020, include the financial statements of the Company and the companies it controls have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and the Companies Act 2006. There are no companies in the Group of which the parent owns less than 99.99% of the share capital.

The measurement bases and principal accounting policies of the Group and Parent Company are set out below. The accounting policies adopted are consistent with those of the previous financial year. Where these have changed during the year the prior year has been adjusted to reflect this. The preparation of financial statements in compliance with FRS 102 required the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

2.2. BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The assets and liabilities of consolidated foreign companies in currencies other than pound sterling are translated using the exchange rates at the balance sheet date. Revenues and costs are translated into pound sterling using the average exchange rate for the year. Translation differences are recognised in the revaluation reserve until the investment is either sold or disposed. All amounts have been rounded to the nearest pound.

2.3. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the parent company is Sterling. The financial information has been presented in Sterling, which is the Group's presentational currency.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are considered in arriving at the operating result.

2.4. GOING CONCERN

As part of its normal business practice, the Group regularly prepares both annual and longer-term plans which are based on the directors' expectations. The assumptions around project sales, staffing and purchases are based on management's expectations and are consistent with the Group's experience since June 2020. The forecasts consider the Group's existing cash resources and include consideration of certain downside scenarios such as the impact of Covid-19 on the Group's operations. As at 31 May 2020 the Group financing arrangements consisted of a loan of £3.7 million from SME Alternate Financing and a loan with Growth Street Lending of £0.5m. The Group held a cash balance of £2.2 million at that date. During the year to 31 May 2021 the Group repaid the Growth Street Lending loan. In September 2020 the Group took out a Coronavirus Business Interruption Loan (CBIL) for £2.5 million.

As is described in the Strategic Report the Group was subject to the effects of the COVID-19 pandemic. The Group's management was able to mitigate and control the risks caused by COVID by using the government's furlough scheme when appropriate, obtaining CBIL funding, ensuring potential customers are fully credit checked to reduce bad debt risk, and utilising remote working by staff.

The Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future (being a minimum period of 12 months from the date of signing the balance sheet), and accordingly continue to adopt the going concern basis in preparing the accounts.

2.5. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the Group will obtain the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

When the outcome of a contract can be measured reliably, the Group recognises both income and costs by reference to the percentage of completion of the contract. If the outcome cannot be reliably measured, all costs are expensed, and revenue is only recognised to the extent that it is probable that costs are recoverable.

(i) Sale of goods

Revenue from the sale of goods or services is recognised when the significant risks and rewards of ownership of the goods or services have passed to the buyer, usually on dispatch of the goods or provision of the service and the amount of revenue can be measured reliably and 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.

(ii) Services

Revenue for provision of services is recognised when it is probable that an economic benefit will flow to the entity and the revenue and costs can be reliably measured. For continuing services, revenue is recognised when the stage of completion can be reliably measured using a percentage of completion method.

(iii) Royalties

Royalties receivable are recognised as and when received and treated as revenue. Where Royalties are based on a licencing arrangement they are treated as revenue when the licence is issued, and where Royalties are determined on a time basis, they are recognised on a straight line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Royalties payable are accounted for on an accruals basis and as far as possible matched with the revenue flows that are associated with those payments.

2.6. INTANGIBLE ASSETS

Intangible assets are represented by capitalised development costs and proprietary intellectual property developed by the business for both its own use and for licenising to third parties.

(i) Capitalised development costs

For capitalised development costs, an internally generated intangible assets arising from development (or the development phase) of an internal long term project is recognised if, all of the following have been demonstrated:

– It is technically feasible to complete the development such that it will be available for use, sale or licence;
– There is an intention to complete the development;
– There is an ability to use, sell or licence the resultant asset;
– The method by which probable future economic benefits will be generated is known;
– There are adequate technical, financial and other resources required to complete the development; and,
– There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above. Expenses capitalised consist of employee costs incurred on development, direct costs including material or testing and an apportionment of appropriate overheads.

Where the above criteria are not met, development expenditure is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Capitalised development costs are initially measured at cost. After initial recognition, they are recognised at cost less any accumulated amortisation and any accumulated impairment losses.

The depreciable amount of a development cost intangible asset with a finite basis useful life is allocated on a straight-line basis over the life of the project. Amortisation begins when the asset is available for use.

(ii) Intellectual property

Intellectual property (IP) is represented by in-house developed IP which is capitalised when its future recoverability can be foreseen with reasonable assurance. The cost of internally generated IP comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Following initial recognition, the related asset is amortised over the 15-year life of the patent in line with Group policy with impairment reviews being carried out at least annually. The asset is carried at cost less any accumulated amortisation and impairment losses.

(iii) Research and development

Development costs are incurred solely for the purpose of the design and supply of the end customer chip to a customer who will use such a chip as a basis for an end product for its customer.

The capitalisation of development costs is subject to a degree of judgement in respect of the viability of new technology and know-how, supported by the results of testing and customer trials and by forecasts for the overall value and timing of sales which may be impacted by other future factors which could impact the assumptions made.

An impairment review is undertaken annually, and amortisation commences once management consider that the asset is available for use, i.e., when it is judged to be in the location and condition necessary for it to be capable of operating in the manner intended by management and the cost amortised over the estimated useful life of the know-how based on expected customer product cycles and lives.

2.7. TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical purchase cost, less accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Except for office equipment, the cost less estimated residual value of fixed assets is written off on a straight-line basis over their estimated useful economic lives. The rates applicable are:

Computer Software	5 years straight line on cost
Office Equipment	25% on reducing balance
Computer Equipment	3 years straight line on cost

Short leasehold improvements are depreciated over the term of the lease.

Management reviews the useful lives and residual values of all depreciable assets at each reporting date. At 31 May 2020, management assessed that the useful lives represent the expected utility of the assets to the Group and Parent Company.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. An impairment loss is recognised

2.8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiary undertakings are recognised at cost, less provision for impairment.

2.9. INVENTORY

Inventory is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition. Cost includes all directly attributable costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred in completion and sale.

2.10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

2.11. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group and Parent Company's balance sheet when the entity becomes a party to the contractual provisions of the instrument. Financial instruments are recorded initially at fair value net of transaction costs. Subsequent measurement depends on the designation of the instrument, as follows:

Amortised cost

• short-term borrowing, overdrafts and long-term loans are held at amortised cost; and

• accounts payable which are not interest bearing are recognised initially at fair value and thereafter at amortised cost under the effective interest method.

Loans and receivables

• trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group and Parent Company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

• non-interest bearing accounts receivable are initially recorded at fair value and subsequently valued at amortised cost, less provisions for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss net of any advance payment held by the Group and Parent Company where a right of offset exists; and

• cash and cash equivalents comprise cash balances and call deposits with maturities of less than three months together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Interest and other income resulting from financial assets are recognised in profit or loss on the accruals basis, using the effective interest method.

Financial assets are derecognised when the contractual right to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

The Group and Parent Company's financial liabilities comprise trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest rate method except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss. Discounting is omitted where the effect of discounting is immaterial

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

2.12. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 balance sheet date, considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.13. GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attaching to the grant and the grant will be received.

(i) Coronavirus Job Retention Scheme (CJRS)

The CJRS Grant is accounted for when the payroll liability has been incurred by the Group and it has met all conditions to claim, and income has been recognised in the period to which the underlying furloughed staff costs relate to, accounted for as Other Income in the Statement of Comprehensive Income.

(ii) Research and Development Grants

Research and development grants are accounted for on an accruals basis in the year to which they relate and are dealt with below the line as a reduction in the tax charge for the year.

(iii) Research and Development Expenditure Credits (RDEC)

Research and development expenditure credits are accounted for on an accruals basis in the year to which they relate and are dealt with within government grants received.

2.14. PENSION COSTS AND OTHER POST RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to profit or loss in the period to which they relate.

2.15. TAXATION

(i) Current tax

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.16. LEASING COMMITMENTS

The accounting treatment for leases is dependent on their classification.

(i) Operating leases

Leases where substantially all the risks and benefits of ownership of the asset are not transferred to the Group are classified as operating leases and rentals payable are charged to the profit and loss income statement on a straight-line basis over the term of the lease.

(ii) **Finance leases and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of the asset have passed to the Group and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged to the income statement over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

2.17. EXCEPTIONAL ITEMS

The group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group and Parent Company.

3 USE OF ESTIMATES AND JUDGEMENT

In preparing the annual financial statements, Management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Management is required to exercise its judgement in selecting and applying the entity's accounting policies. Management makes use of estimates and assumptions, which are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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 and in any future periods affected.

Property, plant and equipment

Management have estimated the useful life of assets based upon the period that the assets are able to and expected to generate revenue. These estimates are reviewed annually for continued appropriateness and events which may cause the estimate to be revised.

Impairment of intangible and tangible assets

Determining whether intangible and tangible assets are impaired requires an estimation of the value in use of the cash-generating units to which intangible and tangible assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Accrued income/ deferred income and judgements involved in determining percentage of completion

In accordance with the policy on Revenue recognition (see Note 2.5) Management are required to judge the percentage of completion of the contract in order to recognise both income and costs. Where amounts have been received from the customer in excess of the percentage completion then this is recognised as accrued income and where amounts received from the customer is less than the percentage completion then this is recognised as deferred income.

ENSILICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2020

4. RESTATEMENT OF FINANCIAL RESULTS

During the preparation of these financial statements the following errors in the prior year financial statements were identified and corrected. As this is the first year that Group accounts have been prepared the prior year results have not been classified as restated. The Parent Company accounts have been filed since the Company was incorporated in May 2001, so these have been classified as restated.

a. Deferred Tax. A deferred tax liability had previously been recorded as a Creditor: Amounts falling due after more than one year. The balance in the previously filed accounts was £848,470. Of this £330,106 related to the period before 1 June 2018. The Creditor was eliminated and the credit passed through retained earnings.
b. Holiday pay. The Company had previously not provided for holiday pay. Establishing this accrual has created a Creditor: Amounts falling due in less than one year and the debit has passed through the profit and loss account.
c. Intangible assets and amortisation of intangible assets. The Company has capitalised certain development work which had previously been charged to cost of sales. The Company has amortised previously capitalised intangible assets in line with the accounting policy.
d. Revenue recognition. The Company has reviewed the way it recognises revenue in line with the accounting policy. As a result adjustments have been made to reduce Sales in the prior period as well as recategorise amounts which were previously recognised as Work in Progress and to attribute amounts to Deferred Income and Accrued Revenue in line with the accounting policies.

PARENT COMPANY CAPITAL AND RESERVES - RESTATED

	Ref	Called up share capital	Retained earnings	Total Equity
		£	£	£
Balance at 31 May 2018		**1,973**	**3,214,267**	**3,216,240**
Prior year adjustment	a	-	330,106	330,106
Balance at 1 June 2018 - Restated		**1,973**	**3,544,373**	**3,546,346**
Total comprehensive income as filed		-	1,552,401	1,552,401
Profit effecting restatement adjustments	a,b,c,d	-	(203,484)	(203,484)
Balance at 31 May 2019 - Restated		**1,973**	**4,893,290**	**4,895,263**

PARENT COMPANY RESTATED STATEMENT OF FINANCIAL POSITION

	Ref	2019	2019
		£	£
NET ASSETS AS AT 31 MAY 2019 as filed			**4,768,641**
Intangible assets	c	33,140	
WIP	d	(580,577)	
Accrued Revenue	d	311,452	
Deferred Income	d	(405,452)	
Holiday Pay Accrual	b	(116,411)	
Deferred Tax adjustment re 2019	a	884,470	
			126,622
NET ASSETS AS AT 31 MAY 2020			**4,895,263**

4. RESTATEMENT OF FINANCIAL RESULTS (continued)

PARENT COMPANY RESTATED RETAINED EARNINGS

	Ref	2019	2019
		£	£
Retained Earnings as filed for 31 May 2019			**4,766,668**
Sales/WIP/Def Income/Accrued Revenue	d	(674,577)	
Holiday Pay Accrual	b	(116,411)	
COS re Capitalised Development Costs	c	109,983	
Amortisation	c	(76,843)	
Deferred Tax	a	884,470	
			126,622
			4,893,290

5. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the Group.

An analysis of turnover by geographical market is given below:

	2020	2019 Unaudited
	£	£
United Kingdom	2,159,740	2,615,794
Rest of Europe	2,250,466	2,253,996
Rest of the World	2,041,989	1,400,013
	6,452,194	6,269,803

Of the income stated above £950,962 (2019 - £634,560) originates from outside the United Kingdom.

An analysis of turnover by type of service is given below:

	2020	2019 Unaudited
	£	£
Goods	251,902	114,205
Services	5,307,559	5,576,127
Royalties	892,733	579,471
	6,452,194	6,269,803

ENSILICA LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 2020

6. EMPLOYEES AND DIRECTORS

	2020	2019 Unaudited
	£	£
Wages and salaries	4,238,502	3,965,287
Social security costs	423,099	395,080
Other pension costs	520,193	419,490
	5,181,794	4,779,857

The average number of employees during the year was as follows:

	2020	2019 Unaudited
Administration	8	8
Marketing	3	2
Research, Development and Technical	74	70
	85	80

Remuneration in respect of directors was as follows:

	2020	2019 Unaudited
	£	£
Emoluments	181,069	163,706
Pension contributions	24,656	18,018
	205,725	181,724

Only 1 Director received pension contributions (2019: 1).

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

	2020	2019 Unaudited
	£	£
Emoluments	117,569	99,524
Pension contributions	24,656	18,018
	142,225	117,542

7. OTHER OPERATING INCOME/(EXPENSE)

	2020	2019 Unaudited
	£	£
Government grants	57,802	(32,696)
	57,802	(32,696)

In 2020 Grants were received in relation to the Coronavirus Job Retention Scheme. In 2019 there was an adjustment in relation to other income from 2018 where the actual amount received was lower than had previously been recognised.

OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019 Unaudited
	£	£
Other operating leases	188,668	165,372
Depreciation - owned assets	50,167	9,149
Amortisation on loans	9,250	-
Amortisation on intellectual property	99,873	76,843
Loss on disposal of fixed assets	-	2,915
Foreign exchange gains/losses	13,408	43,300
Research & development expenditure recognised as an expense	1,501,920	1,815,970
Auditors remuneration		-
- for the audit of the company's annual accounts	21,000	-
- for the audit of the subsidiary companies' annual accounts	2,761	-

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019 Unaudited
	£	£
Loans	212,511	18,498
Other interest payable	3,501	1,652
Hire purchase	-	2,392
	216,012	22,542

9. EXCEPTIONAL ITEM

	2020	2019 Unaudited
	£	£
Impairment of Intangible Fixed Assets	450,000	-

During the year, an impairment review was undertaken of all intellectual property and capitalised developments and as a result an impairment charge of £450,000 was booked against an ongoing project.

10. TAXATION

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	2020	2019 Unaudited
	£	£
Current tax:		
UK corporation tax	(1,166,266)	(889,576)
Foreign tax	23,164	50,276
Tax credit available	(1,143,102)	(839,300)

11. RESEARCH AND DEVELOPMENT

The total expenditure on R&D in the year was £4,314,207 (2019: 4,216,884) of this R&D expenditure in the year; £1,501,920 (2019 - £1,815,970) was recognised as an expense. Included within this £47,437 (2019 - £53,552) was from EnSilica India Private Limited.

12. INTANGIBLE ASSETS

The Group and Company

	Development costs
	£
Cost	
At 31 May 2019	4,129,494
Adjustment*	33,140
At 1 June 2019 (as restated*)	4,162,634
Additions	3,307,952
At 31 May 2020	**7,470,586**
Amortisation and impairment	
At 31 May 2019 and 1 June 2019 (as restated*)	(76,843)
Charge for the year	(99,873)
Impairment	(450,000)
At 31 May 2020	**(626,716)**
Net book amount at 31 May 2020	**6,843,870**
Net book amount at 31 May 2019 (As restated*)	4,085,791

* see note 4

Intangible assets comprise capitalised development costs/contract fulfilment asset, which represent expenditure on long term non-cancellable projects, and developed intellectual property which is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related projects.

13. TANGIBLE FIXED ASSETS

Group	Office equipment	Computer equipment	Total
	£	£	£
COST			
At 1 June 2019	48,731	240,817	289,548
Additions	5,295	43,438	48,733
Disposals	(1,406)	(7,711)	(9,117)
At 31 May 2020	**52,620**	**276,544**	**329,164**
Depreciation			
At 1 June 2019	(35,168)	(166,741)	(201,909)
Charge for the year	(5,558)	(44,609)	(50,167)
Eliminated on disposal	454	5,999	6,453
At 31 May 2020	**(40,272)**	**(205,351)**	**(245,623)**
Net book amount at 31 May 2020	**12,348**	**71,193**	**83,541**
Net book amount at 31 May 2019	13,563	74,076	87,639

Company	Office equipment	Computer equipment	Total
	£	£	£
COST			
At 1 June 2019	46,115	226,300	272,415
Additions	3,383	37,615	40,998
Disposals	-	(1,222)	(1,222)
At 31 May 2020	**49,498**	**262,693**	**312,191**
Depreciation			
At 1 June 2019	(33,618)	(161,583)	(195,201)
Charge for the year	(4,587)	(39,127)	(43,714)
Eliminated on disposal	-	-	-
At 31 May 2020	**(38,205)**	**(200,710)**	**(238,915)**
Net book amount at 31 May 2020	**11,294**	**61,982**	**73,276**
Net book amount at 31 May 2019	12,497	64,717	77,214

14. INVESTMENTS

The Group's investments at the Balance Sheet date in the share capital of companies include the following:

EnSilica India Private Limited
Corporate Identity Number - U72200KA2012PTC062009
Incorporated in Bangalore, India: 19th January 2012
Registered office: 2064, 2nd floor, Siri Iris, 24th Main, 1st Sector, HSR Layout, Bangalore- 560 102 India
Nature of business: Semiconductor design consultants

	%
Class of shares:	holding
Ordinary shares	99.99
Value	INR 10.00

EnSilica Inc.
File Number - 5283430
Incorporated in Delaware, USA: 2nd January 2012
Registered office: Plug and Play Tech Centre, 440 N Wolfe Road, Sunnyvale, California 94085 USA
Nature of business: Semiconductor design consultants

	%
Class of shares:	holding
Common Stock	100.00
Value	$ Nil

EnSilica Adas Limited
Incorporated in England & Wales: 23rd August 2017
Registered Number 10929282
Registered office: West Forest Gate, Wellington Road, Wokingham, Berkshire RG40 2AT
Nature of business: Semiconductor design consultants

	%
Class of shares:	holding
Common Stock	100.00
Value	£Nil

15. INVENTORY

	The Group		The Company	
	2020	2019	**2020**	2019
		Unaudited		Unaudited and restated*
	£	**£**	**£**	**£**
Stocks	**93,638**	31,122	**93,638**	31,122

* See Note 4

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2020	2019	**2020**	2019
		Unaudited		Unaudited and restated*
	£	£	**£**	£
Trade receivables	**867,356**	716,376	**668,912**	639,080
Amounts owed by group undertakings	-	-	**101**	11,131
Other debtors	**113,797**	162,565	**78,950**	71,756
Taxation	**1,195,496**	953,868	**1,166,266**	889,576
VAT	-	33,367	-	30,752
Prepayments and accrued income	**483,809**	578,480	**483,809**	578,480
	2,660,458	2,444,656	**2,398,038**	2,220,775

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2020	2019	**2020**	2019
		Unaudited		Unaudited and restated*
	£	£	**£**	£
Loans (see note 19)	**848,170**	460,004	**848,170**	460,004
Finance lease agreements (see note 20)	**4,734**	4,734	**4,734**	4,734
Trade creditors	**788,871**	231,934	**788,871**	231,934
Social security and other taxes	**488,897**	109,600	**459,766**	109,600
Other creditors	**2,057**	4,580	**1,741**	4,010
Directors' loan accounts	-	28,652	-	28,652
Deferred income	**289,308**	419,001	**289,308**	419,001
Accrued expenses	**387,731**	625,335	**387,423**	574,248
	2,809,768	1,883,840	**2,780,013**	1,832,183

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

	The Group		The Company	
	2020	2019	**2020**	2019
		Unaudited		Unaudited
	£	£	**£**	£
Finance lease agreements (see note 20)	**2,038**	6,807	**2,038**	6,807
Loans (see note 19)	**3,105,078**	-	**3,105,078**	-
	3,107,116	6,807	**3,107,116**	6,807

19. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
		Unaudited
	£	£
Amounts falling due:		
Within one year or on demand	848,170	460,004
Amounts falling due in one to five years	2,214,896	-
Amounts falling due after five years	890,182	-

On 20 September 2019 EnSilica Limited took out a loan of £3,700,000 with SME Alternate Financing DAC for 8 years; this loan is unsecured but guaranteed by both the parent, EnSilica Limited and EnSilica ADAS. Limited.

20. FINANCE LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
		Unaudited
	£	£
Net obligations repayable:		
Within one year	4,734	4,734
Between one and five years	2,038	6,707
Over five years	-	-
	6,772	11,441

21. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
		Unaudited
	£	£
Other loans	515,004	460,004
Hire purchase contracts	6,772	11,441
	521,776	471,445

The loan with Growth Street Lending is secured by a fixed and floating charge over the assets of the Group and was fully repaid after the balance sheet date. The Hire purchase contracts are payable as shown in note 19 above.

22. PROVISIONS FOR LIABILITIES

	2020	2019 Unaudited
	£	£
Provision made under the Government of India Gratuity Act 1972	70,366	74,748
	70,366	74,748

The above provision relates to EnSilica India Private Limited and is an Indian Government requirement under the Payment of Gratuity Act, 1972 that provides a scheme for the payment of gratuity to employees.

The Act provides that a gratuity shall be payable to an employee on the termination of their employment after they have rendered continuous service for not less than five years, - (a) on superannuation, or (b) on retirement or resignation, or (c) on death or disablement due to accident or disease: Provided that the completion of continuous service of five years shall not be necessary where the termination of the employment of any employee is due to death or disablement.

23 FINANCIAL ASSETS AND LIABILITIES

There is no significant difference between the book values and fair values of the financial assets and liabilities of the Group and Parent Company and the latter are reviewed on a regular basis to ensure that no such exposure arises or, if it does, to enable the Group to take action to mitigate or eliminate any such potential loss. The carrying value of financial assets and liabilities is summarised in the table below:

	The Group		The Company	
	2020	2019	**2020**	2019
	£	**£**	**£**	**£**
Financial Assets				
At amortised cost				
Trade receivables	**867,356**	716,377	**668,912**	639,080
Accrued Income	**355,247**	311,452	**355,247**	311,452
Cash and cash equivalents	**2,180,964**	418,557	**2,050,402**	319,249
	3,403,567	1,446,386	**3,074,561**	1,269,781
Financial Liabilities				
At amortised cost				
Trade and other payables	1,667,556	1,000,101	1,637,801	948,444
Hire purchase contracts	6,772	11,441	6,772	11,441
Loans	3,953,248	460,004	3,953,248	460,004
	5,627,576	1,471,546	**5,597,821**	1,419,889

24. CALLED UP SHARE CAPITAL

Allotted, issued, and fully paid:

Number:	**Class:**	**Nominal value:**	**2020** £	**2019** Unaudited £
1,700,000	A Ordinary	£0.001	1,700	1,700
273,000	B Ordinary	£0.001	273	273
			1973	1,973

The A and B shares rank pari passu in all respects except that on a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of shares) ("Capital Return"), the surplus assets of the Company remaining after the payment of its liabilities ("Surplus") shall be applied (to the extent that the Company is lawfully able to do so) as follows:

a) In all circumstances, the first £1.4 million of the Surplus ("A Sum") shall be paid to the holders for the time being of the A shares (in proportion to the amounts paid or deemed paid up thereon: and

b) The surplus assets of the Company remaining after the payment if the A Sum to the A Shareholders ("Surplus Balance") shall be paid to the holders for the time being of the shares (in proportion to the amounts paid up or deemed paid up thereon) as if they all constituted shares of the same class.

25. RESERVES AND MINORITY INTEREST IN THE CONSOLIDATED FINANCIAL STATEMENTS

The various components of equity other than share capital in the Consolidated financial statements are as follows;

RETAINED EARNINGS

	2020 £	**2019** Unaudited £
At 1 June	5,092,455	3,631,602
Profit for the year attributable to owners of the parent	780,614	1,460,853
At 31 May	5,873,069	5,092,455

Retained reserves includes all current and prior period retained profits and losses attributable to owners of the Parent company.

FOREIGN EXCHANGE TRANSLATION RESERVE

	2020 £	**2019** Unaudited £
At 1 June	7,942	4,851
Movement in foreign exchange translation reserve for the year	(7,763)	3,091
At 31 May	179	7,942

Foreign exchange translation reserve – comprises translation differences arising from the translation of financial statements of the Group's foreign entities into pound sterling (£).

MINORITY INTEREST

	2020	2019 Unaudited
	£	£
At 1 June	3	1
Profit for the year attributable to the minority interest	2	2
At 31 May	5	3

The minority interest is represented by one shareholder in EnSilica India Private Limited holding one share.

26. OTHER FINANCIAL COMMITMENTS

Capital commitments for the year are £Nil (2019- £Nil) and the total amount of commitments, guarantees and contingencies of a non-capital nature are £107,903 (2019: £303,263).

The commitments of a non-capital nature relate to following lease obligations as identified below.

Lease obligations under equipment rentals fall due as follows:	2020 £	2019 Unaudited £
Net obligations payable:		
Within one year	26,054	31,563
Between one and five years	47,594	73,648
Over five years	-	-
	73,648	105,211

Lease obligations under office rentals fall due as follows:	2020 £	2019 Unaudited £
Net obligations payable:		
Within one year	34,255	163,796
Between one and five years	-	34,256
Over five years	-	-
	34,255	198,052

27. RELATED PARTY DISCLOSURES

During the year, Directors remuneration of £205,725 (2019 - £181,724) was paid.

28. ULTIMATE HOLDING COMPANY

The ultimate parent undertaking and controlling party is EnSilica Limited in which the results of the group companies are consolidated. The headquarters of EnSilica Limited are Building 3, 115 Olympic Avenue, Milton Park, Abingdon, Oxfordshire, OX14 4SA.

29. POST BALANCE SHEET EVENTS

After the balance sheet date the Group repaid the Growth Street Lending loan. In September 2020 the Group and took out a Coronavirus Business Interruption Loan (CBIL) for £2.5 million.