Strategic Report

Business Summary

The Group is a leading specialist in the design, manufacture and supply of innovative high-end embedded computer products aimed at a wide base of customers within the defence, telecommunications, aerospace, transport, scientific and industrial markets.

The Group's core product range is central processing unit ("CPU") boards, designed using Intel® processors including the high performance 11th generation embedded Intel® Core™ and Intel ® Xeon ® processors. These CPU boards, together with complementary accessory products such as switches, storage and I/O boards are designed to be compliant with the CompactPCI®, OpenVPX™, VME, AMC and XMC open architecture standards. Most product lines are available in both commercial and ruggedized variants, making them suitable for a wide range of applications, including those in harsh environments and at temperatures from -40°C to +85°C.

The Group's products also support many of today's leading operating systems including Microsoft® Windows ®, Linux®, Solaris™, QNX® and VxWorks®, all of which are commonly used as standard in embedded applications. An increasing range of complementary software products has been developed to provide enhanced security capabilities, configuration tools and high-performance communications middleware.

Historically the Group's sales revenue comes from selling its hardware products to companies which complete the integration themselves. This model still dominates the Group's sales, aided by sales of software and firmware products such as security software, developed specifically to complement the hardware products. However, for the newer architectures such as OpenVPX™, the Group has seen an increasing number of requests for the supply of fully integrated development systems which include both the Group's own products and, in some cases, products supplied by partners and third parties.

Manufacturing and production testing take place in the Group's headquarters in the UK. The Group has design and engineering teams working in the UK and the USA, whilst its sales, marketing and customer support teams operate from the UK and overseas facilities including those in the USA and China.

The Group's previous Chairman, Michael Collins, retired from the Board in September 2020, after 31 years' service to the Group. Mike's knowledge and experience helped to guide the Group from start up to PLC. Mark Cubitt was appointed as the Group's new Chairman at the AGM, having previously joined the Board as a Non-Executive Director in March 2020. Mark is a Chartered Accountant and is a member of the Association of Corporate Treasurers. He has extensive multinational experience gained over the last 33 years, including 23 years in the listed PLC environment.

2020 was an extremely unpredictable year for all businesses, but the Group proved to have the flexibility and resilience necessary to navigate the uncertainty. This resulted in the Group finishing the year ahead of market forecasts in terms of revenue and profitability, while delivering strong cash generation such that it retains a strong balance sheet which provides the foundation for future growth. The Group also began 2021 with a healthy order book, which has grown significantly during recent weeks.

The long-awaited agreement over trading terms with the European Union has now been published and the impact on the Group is as expected: there being minimal impact to trading conditions with no tariffs levied on the Group's products. There has been some disruption to the movement of goods across the UK border, but, insofar as the Group's products are concerned, delays have been minimal and certainly no greater than anticipated or planned for, so there has been little adverse impact on production and sales to date.

Very early on in the first lockdown (March 2020 – May 2020) Concurrent Technologies was directed by customers as a flow down from the UK Government and other western governments to remain open as part of the essential defence supply chain. As such the production facility and the design and development functions have remained open and for the most part fully operational throughout the pandemic. The Group has not participated in any government aid scheme such as the Coronavirus Business Interruption Loan Scheme (CBILS) or VAT payment deferral and no employees have been furloughed during the pandemic.

The Group has amended its working practices in line with the respective jurisdictional guidelines and laws. Where possible, staff have worked from home throughout the crisis; office layout and working practices have been amended to ensure that social distancing is observed; travel and customer, supplier and inter-office visits have been restricted. As a result of these measures being effectively implemented within the Group, production has been maintained during 2020. The Board would like to acknowledge the contribution of all of the Group's employees during this difficult time, and offers its particular thanks to those who continued to work full time at the Group's production facilities. Without their commitment, continued production and satisfaction of customer orders would not have been possible.

Strategic Report (continued)

While the production facility has continued to operate throughout the pandemic, the Company did suffer from some specialised subcontracted supply chain issues which affected its overall On Time Delivery (OTD) performance for the year. Identified as a potential ongoing risk to the business, the Group has made a further investment in its own production line capabilities to mitigate the risk for the future. Lead times within the supply chain continue to be challenging as the world recovers from the pandemic and demand in other industries increase and take up capacity. The Group has taken steps to mitigate the impact of these supply chain issues as far as possible by continuing its policy of increasing inventories of components, purchasing earlier than usual in the production cycle.

The Group's customer base continues to be well diversified with large, high quality, international businesses in multiple sectors across various geographic regions of the world.

As previously announced, the Board took the decision to cease operations in the Group's engineering facility in India in order to gain from the efficiencies of re-focusing the Group's engineering team in the UK. This process is nearly complete: all Research and Development functions have been re-located back to the UK and final closure of the office is expected in the very near future, at which point the Indian company will remain dormant for two years before it ceases entirely. The process has taken longer than anticipated, partly due to the impact of national and regional lockdowns in India throughout the pandemic which resulted in the legal processes being extended due to availability of the appropriate Government officials. The consequential and unexpected additional costs have been accounted for in 2020 expenses. The Board is very sorry to lose colleagues from the Indian office, many of whom have been with the company for several years.

Revenues in 2020 exceeded forecasts, despite a fall-off in shipments to the Group's telecoms customers, believed to be for logistic issues as a result of the Covid pandemic. The overall increase in revenue was in part due to an element of the defence business that was expected to be reflected in future years which has been pulled into 2020. The increased revenues resulted in profit before tax also exceeding market expectations and the Group ended the year with cash of £11.8m.

The order book at the end of 2020 remained healthy and, since the start of 2021, order intake in the telecoms business, in particular, has recovered strongly. The Group has also seen an influx of additional orders from existing customers for defence projects, in particular, resulting in a new record backlog of orders due for delivery during this year and beyond.

Management have stress tested 2021 and 2022 budgets to include pessimistic outcomes from the exit of lockdown across the globe. Even in these circumstances, the Group's strong cash reserves of £11.8m (2019: £10.5m) are not forecast to reduce substantially, leading the Board to believe there is sufficient headroom within the Group to be confident in its future trading capability.

Financial Highlights

	2020	2019
Revenue	£21.1m	£19.4m
EBITDA	£5.0m	£5.1m
Profit before tax*	£2.8m	£4.1m
Profit before tax (adjusted)**	£2.8m	£3.1m
Earnings per share	3.75p	5.51p
Adjusted EPS	3.75p	4.38p
Dividend per share	2.55p	2.50p
Cash (including Deposits)	£11.8m	£10.5m
Total Assets	£29.0m	£28.3m
Shareholders' Funds	£22.6m	£21.9m

* 2019 Included non-recurring Other Income of £1m
** 2019 Adjusted profit removes the Other Income of £1m

The Group generated record Revenue for the year of £21.14m (2019: £19.38m). This converted into Gross Profit of £11.36m (2020: £10.21m) while the gross margin improved to 53.7% (2019: 52.7%).

Strategic Report (continued)

Financial Highlights (continued)

Profit before tax was £2.85m (2019: £4.06m: 2019 included other, non-recurring income of £1.0m). Earnings per share was 3.75 pence (2019: 5.51 pence) while earnings per share on normal activities, adjusted to remove the impact of Other Income, was 3.75 pence (2019: 4.38 pence). EBITDA (measured as Operating Profit plus Depreciation and Amortisation) for the Group in 2020 was £4.99m (2019: £5.07m).

The Group continued its long-term commitment to R&D by spending £3.89m in 2020 (2019: £3.51m), of which £1.88m was capitalised (2019: £2.26m) and £0.69m related to closure costs of the Indian R&D centre. In light of the slowdown in the sales of some projects, an unusually large impairment charge of £888,579 (2019: £483,630) was included during the year to reflect relatively pessimistic cash generating expectations of itemised projects.

The Group continues to have no borrowings and again paid increased dividends during the year. Its cash balances plus short to medium term cash deposits at the year-end were £11.8m (2019: £10.5m).

Dividend

The Board has declared a second interim dividend of 1.45 pence per share (2019: 1.45 pence) which, when added to the first interim dividend of 1.10 pence per share (2019: 1.05 pence), will make a total of 2.55 pence per share for the year (2019: 2.50 pence). This is an increase of 2.0% on dividends paid for 2019. The total cost of this second interim dividend amounts to £1,063,771. As in previous years, the Directors do not intend to recommend a final dividend.

Operational Highlights

During 2020, the Group introduced several new high-performance embedded computer boards and accessory modules. These included products based on the 9th generation embedded Intel® Xeon® processor for use in AMC, CompactPCI® and OpenVPX™ architectures. These products were introduced as part of the Group's policy to provide existing customers with products that can be used as upgrade paths from previous generations where additional processing power or enhanced features are required. New customers benefit from choosing products based on the latest technologies. As required by many applications, these new products offer support for enhanced security features and most are suitable for both commercial and harsh environments. In addition, support for additional partner software and hardware products was announced to broaden the Group's product range. The Group's AI technology product is currently being developed for use on a prototype third party end product that may come to market this year.

As part of the Group's long-term continuous improvement strategy, and to mitigate an identified risk to the business during 2020, a further investment of £155,000 was made within manufacturing to introduce a new circuit board processing line. This line will significantly help to reduce lead times for particular product variants.

The Group has made good progress towards implementing the new Enterprise Resource Planning system, even within the limitations imposed by the various lockdowns. The 'Go Live' date is still scheduled for later in 2021 and training, data migration and User Acceptance Testing modules are underway.

Annual General Meeting

Due to the COVID-19 crisis and social distancing requirements the date and arrangements for the AGM will be announced separately. The Group's long standing Non-Executive Director, Clive Thomson will be retiring by rotation and will not offer himself for re-election. The Board would like to thank Clive for his advice and contribution to the Group since he joined the Board in 2004. The Company is in the process of identifying a successor and will make a further announcement in due course.

Future Plans and Outlook

The new financial year of 2021 started with a healthy order book which has seen a significant increase during the first quarter of the year. The Group's telecoms business is now recovering and growing after last year's second half slow down, and several customers in the defence and telecoms sectors have placed orders for previous generation products that have been offered under extended manufacturing to protect and extend the lifecycle of their projects. These orders are due for delivery in 2021 and beyond. Several of the Group's customers have made the decision to upgrade to its newer generation products.

The Group plans to maintain its policy of investing in R&D to expand its current range of advanced technology products with a particular focus on the OpenVPX™ bus architecture, featuring the latest Intel processors suitable for the long lifecycle embedded markets in which the Group operates. Support for third party software and hardware products will be continued in order to enhance the Group's capability to provide development systems. These ready-to-use development systems enable customers to reduce their product development times by focussing on their own areas of expertise to develop specialised applications.

Strategic Report (continued)

Future Plans and Outlook (continued)

The Board sees opportunities to grow the business organically by broadening the range of both hardware and software products within its existing core markets of defence and telecommunications. Savings made from ceasing operations in the Indian office will largely be reinvested to increase and broaden the skills and technical expertise within the UK team. In addition, the Board continues to look to recruit key individuals and skills for both succession and organic growth as well as for worldwide acquisition opportunities which would assist the Group in introducing new skills and technologies complementary and adjacent to its current product ranges. This is with the aim of increasing the Group's potential share of the total available market.

The Board is taking a cautious approach to revenue growth in the coming year because of the continuing uncertainty caused by the COVID-19 outbreak and the delays seen to some programmes potentially moving revenue from 2021 to 2022. However, the Group's proven ability to adapt to the challenges brought about by the pandemic, the overhead savings from closure of the Indian design office, its ability to provide a well-supported, UK designed and manufactured product, and the current record order book gives the Board confidence in the Group's continuing solid performance.

Principal Risks and Uncertainties

Like most businesses, there is a range of risks and uncertainties facing the Group and the matters described below are not intended to be an exhaustive list of all possible risks and uncertainties.

The principal risks and uncertainties affecting the business are the following:

- Product development and technology risk: The Group continually develops and introduces new high-technology products based on advanced processors and other computing components. These technologies and products involve business risk both in terms of possible abortive expenditure, reputational risk and potential customer claims. Such risks may materially impact on the Group. Appropriate measures are taken to protect the Group's intellectual property rights and to minimise the risk of infringement of third party rights; measures include hardware security features.
- Product failure: The Group provides warranties to customers regarding the specification and/or proper operation of the products that it supplies. Failure of these products to operate properly or to meet specifications may increase the Group's costs by requiring the replacement of parts and equipment or monetary re-imbursement to a customer, thereby reducing the Group's profitability. The Group has numerous ISO 9001 approved quality processes, procedures and work instructions in place to mitigate against product failure
- Human resources risk: This risk is defined as a shortage of requisite knowledge, skills and experience within the Group. This risk, especially in relation to technical skills, is kept at the forefront of the Group's concerns and is addressed primarily through remuneration and recruitment policies which are under continuous review by the Board.
- Competitive risk: The Group operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the Group. The Group invests directly in development in order to sustain competitive advantage, and also works continually to ensure that its cost base is competitive.
- Supply chain: The Group relies on its own manufacturing operations and independent suppliers for key raw materials, components and outsourced services some of which may be available from a limited number of suppliers. Any disruption to the supply chain could have an impact on its ability to meet customer requirements and adversely affect the Group's results. To partly mitigate the risk of third party services , additional capabilities have been brought in-house through the addition of specialised equipment. Within the markets that the Group operates, there can be times where components are in short supply, which has been the case in recent months, with long lead times or components can be discontinued. The Group aims to supply its products for many years and therefore endeavours to select components with longevity of supply from several sources and carries high levels of key components.

Strategic Report (continued)

Principal Risks and Uncertainties (continued)

- The effect of legislation and other regulatory activities: The Group regularly monitors forthcoming and current legislation including Company law, environmental law, export regulations, COSSH and REACH legislation to ensure compliance with requirements. Each company within the Group is liable to pay tax in the countries in which it operates. Changes in the tax legislation in these countries could have an adverse impact on the level of tax paid on the profits generated by the Group. The technology in some of its products is sophisticated and may be subject to export control legislation, which could restrict its ability to sell in some countries.
- Customer risk: Revenues are largely dependent upon the ability of customers to develop and sell products that incorporate the Group's products. No assurance can be given that customers will not experience financial, technical or other difficulties that could adversely affect their operations and, in turn, the Group's results.
- European Union Risk: Whilst we have seen some increase in the time and paperwork associated with the movement of goods with the European Union, this has been manageable and has not overly impacted manufacturing or customer deliveries.
- Epidemic illness: the Group is exposed to its employees and those of its suppliers and customers being afflicted by significant levels of illness.

The Group has experience in managing these risks, while delivering profitability.

The Group has a strong balance sheet with significant cash balances and debtor balances with major, well rated customers and as such the Board does not consider that the Group is subject to undue financial risk.

Performance Monitoring

The Board monitors the Group's performance in a number of ways including key performance indicators. The key financial performance indicators together with the results for 2020 and 2019 are as follows:

	2020	2019
Revenue	£21.1m	£19.4m
Gross Margin %	53.7%	52.7%
Adjusted Profit	£2.8m	£3.1m
Cash and Cash Equivalents	£11.8m	£10.5m

The Revenue indicator represents what has been delivered to customers in the year and measures sales growth or decline in value terms.

The Gross Margin percentage is calculated by dividing Gross Profit by Revenue and measures the total profitability of product sales.

Adjusted Profit is the profit generated by the Group from operations including finance income and finance costs and is after amortisation of capitalised development costs but before taxation. Profit has also been adjusted to remove the Other Income of £1m in 2019. This indicator measures the overall profitability of the business.

The Cash and cash equivalents indicator is the year-end balance sheet position of Cash and cash equivalents and Other financial assets as reported in the Consolidated Balance Sheet. This indicator can be affected by the pattern of trading towards year end but does give a general indication of the ability of the Group to generate cash.

These performance indicators are measured against a budget approved by the Board.

The Board also regularly reviews the following non-financial performance indicators and is pleased to report that there were no significant matters arising during the year:

- Manufacturing quality
- Product warranty performance
- Development projects measured against project milestones
- Manufacturing output measured against manufacturing plans and customer requirements
- Stock recording accuracy
- Health and safety incidents

Strategic Report (continued)

Section 172(1) Statement

The Directors consider, both individually and collectively, that they have taken decisions in a manner they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders, having regard to the matters set out in s172(1)(a-f) of the Companies Act 2006:

a) The likely consequences of any decision in the long-term: the long-term success of the Group is always a key factor when making strategic decisions.
b) The interests of the Group's employees: our employees are the main asset of the Group and their wellbeing and development are at the heart of strategy for success. Initiatives in extending benefits in kind for UK employees and greater candidate and employee engagement have moved the Group forward during 2020.
c) The need to foster business relationships with suppliers, customer and others; the Group regularly meets with key suppliers and customers to review operations and explore mutually beneficial future actions. The primary mechanism for engaging with shareholders is via investor meetings and these were extended in 2020.
d) The impact of the Group's operations on the community and the environment: the impact on both the community and the environment is factored in to the Group's decision making process.
e) The Group's reputation for high standards of business conduct: integrity, both personally and professionally, is embedded in the Group's culture and is led by example by the Directors.
f) The need to act fairly between members of the Group: no single set of stakeholders is prioritised over other stakeholders and all decisions are made trying to be equitable to all members.

By order of the Board

Jane Annear

M Cubitt
Chairman
10 April 2021

J B Annear
Managing Director
10 April 2021

Report of the Directors

The Directors present their Report and Financial Statements of the Group (Concurrent Technologies Plc and its wholly owned subsidiaries, Concurrent Technologies Inc, Omnibyte Corporation and Concurrent Tech India Private Ltd) for the year ended 31 December 2020.

Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Strategic 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 prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 and profit or loss of the Company and 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;
- state whether applicable with international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. The Directors 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.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Results and Dividends

The profit on ordinary activities after taxation for the year ended 31 December 2020 was £2.75m (year to 31 December 2019: £4.01m before removing non-recurring Other Income of £1.0m). An interim dividend of 1.10 pence per Ordinary Share (2019: 1.05 pence) was paid on 11 October 2020. The Board has declared a further interim dividend of 1.45 pence per share (2019: 1.45 pence) which will make a total of 2.55 pence per share for the year (2019: 2.50 pence).

During the year the Company purchased 315,000 of its own shares with a nominal value of £3,150 (2019: nil, with a nominal value of £nil). For further details, see Note 22 to the Financial Statements. The Company will continue to use its authority to buy back its own shares when the Directors consider it appropriate, subject to approval at the Annual General Meeting.

Future Developments

Details about future developments are set out in the Strategic Report.

Financial Risk Management

Details about financial risk management are referred to in the Strategic Report and set out in Note 24.

Design and Development

The Group recognises the importance of investing in design and development programmes in order to maintain technical and commercial competitiveness. Expenditure on design and development of £1.9m was capitalised in the year to 31 December 2020 (2019: £2.3m), in accordance with the Group accounting policy (see Note 2 to these Financial Statements).

Report of the Directors (continued)

Property, Plant and Equipment

Details of additions to property, plant and equipment are given in Note 12 to the Financial Statements.

Donations

The Group made no political donations during the year.

Substantial Shareholders

As at 31 December 2020 the following entities or persons, other than the Directors and their family interests, had an interest in 3% or more of the Company's Ordinary Shares, excluding those held in Treasury.

Name	Account	N° of Ordinary Shares	Shareholding %
The Bank of New York (Nominees) Ltd		8,642,299	11.7
Nortrust Nominees Ltd		6,659,845	9.0
HALB Nominees Ltd	CLTPN1	5,266,585	7.1
Platform Securities Nominees Ltd*	HURNOM	5,030,203	6.8
HSBC Global Custody Nominee (UK) Ltd	764685	4,717,500	6.4
BNY (OCS) Nominees Ltd	UKREITS	4,492,305	6.1

*This includes shares held by M Collins

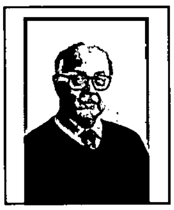
Non-Executive Directors

Mark Cubitt, aged 58. Chairman.
Mark is a Chartered Accountant and has been the non-executive chairman of AIM listed Beeks Financial Cloud Group Plc since 2016. Previously, Mark was the CFO of Wolfson Microelectronics Plc for eight years from 2007 to 2014 and also non-executive chairman of Superglass Holdings Plc in 2015/16. He has also served as VP of finance at Jacobs Engineering and was finance director of Babtie Group Ltd until the sale of the company to Jacobs Engineering in 2004, when he then took up a wider finance role within Jacobs.

Clive Mannering Thomson, aged 73.
Clive, a former stockbroker and Divisional Director of Brewin Dolphin Securities Plc and Associate with Beer and Partners, the Business Angel Network, is Chairman and Managing Director of Meeting Makers Ltd. Clive was appointed a Director of the Company in 2004.

Executive Directors

Jane Annear, aged 67, Managing Director.
Jane joined the Company in 1985, having previously held sales and marketing, manufacturing and financial positions with Burmah Oil and Raychem; she was appointed a Director of the Company in 1989 and became Managing Director in May 2019.



David Evans-Hughes, aged 65, Engineering Director.
David previously held engineering positions with Plessey Telecomms, Systime Computers, AVT and Instem Computers; he was appointed a Director of the Company in 1995.

Brent Salgat, aged 55, President – Concurrent Technologies Inc
Brent previously held sales management and sales positions with SBS Technologies and GE Intelligent Platforms. He became President of Concurrent Technologies Inc, in 2008 and was appointed a Director of the Company in 2020.

Report of the Directors (continued)

Directors

The Directors set out below have held office for either the whole of the year from 1 January 2020 to 31 December 2020 or part of the year thereof. Their beneficial interests in the Ordinary Share capital of the Company on 31 December 2020 are shown below:

	1p Ordinary Shares	
	31/12/2020	**01/01/2020**
J B Annear	2,110,096	1,855,096
M Cubitt	20,000	-
D Evans-Hughes	912,951	837,951
C M Thomson	190,000	190,000
M Collins	-	4,443,287
B Salgat	nil	nil

M Collins is no longer a Director at the end of 2020 and therefore is not reported in the above table

Rotation of Directors

In addition to the Directors listed previously, Mr Michael Collins was also a Director of the Company up to 30th September, 2020. In accordance with the Articles of Association, Mr David Evans-Hughes will retire by rotation and being eligible offers himself for re-appointment at the next Annual General Meeting. In addition Clive Thomson will be retiring by rotation and will not offer himself for re-election.

Officers' Insurance

The Group has purchased and maintains insurance to cover its officers against liabilities in relation to their duties to the Group.

Post Balance Sheet Events

There were no Post Balance Sheet Events to report.

Auditors

Grant Thornton UK LLP has expressed their willingness to continue in office and a Resolution will be proposed at the next Annual General Meeting for their re-appointment as auditors.

By order of the Board

Philippa Keith

Cargil Management Services Limited
Company Secretary
10 April 2021

Corporate Governance Statement

The QCA Corporate Governance Code ("QCA") corporate governance standards that the Board has adopted are designed to ensure that the Company delivers long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board recognises that its decisions regarding strategy and risk will affect the corporate culture of the Company as a whole and in turn the performance of the Company. An integral part of the Company's activities is centred upon open and respectful dialogue with investors, whether they be individuals or corporate. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Board reviews investor engagement, public relations and health and safety performance as a routine part of every board meeting to ensure these cultural objectives and the principles defined in QCA code principles 2 – 4, 8 and 10 are being met.

The Board meets regularly throughout the year and during 2020 there were eight full Board meetings. The table below shows the number of meetings held and the individual Director attendance.

	Board	Audit Committee	Remuneration Committee	Nominations Committee
M Collins	6	1	1	3
C M Thomson	8	2	2	4
M Cubitt	6	1	1	1
J B Annear	8	-	-	-
D Evans-Hughes	8	-	-	-
B Salgat	6	-	-	-

Brent Salgat joined the Board of Directors on 19th May, 2020 while Michael Collins resigned as a Director on 30th September, 2020

The Board understands that good corporate governance is an important factor in creating a sustainable and efficient business and considers that it does not depart from any of the principles of the QCA.

The QCA principles

Principle 1: Establish a strategy and business model which promotes long term value for shareholders.

The Group designs, manufactures, sells and supports high-end embedded computer products for use in a wide range of high performance, long life cycle applications within the defence, telecommunications, security, telemetry, scientific and aerospace markets, including applications within extremely harsh environments. The computer products feature Intel® processors, including Intel® Core™ processors, Intel® Xeon® and Intel® Atom™ processors. The products are designed to be compliant with industry specifications and support many of today's leading embedded operating systems. The products are sold world-wide.

The Strategic Report section of our annual Report and Accounts (page 1) explains the Group's business model and strategy, including the key risks in execution and how we address those risks.

Our business model is designed to promote long-term profitable growth and cash generation. Our progressive dividend policy and total shareholder return over the last five years are also indicators of long-term value for our shareholders.

The Group's growth strategy incorporates organic growth and market share gains together with expansion through acquisitions.

We also believe that remaining on AIM is of long-term value to our shareholders as it offers a combination of access to capital markets, flexibility to make acquisitions, incentives and rewards to Executive Directors and employees through share option schemes, and a regulatory environment appropriate to the size of the Company.

Principle 2: Seek to understand and meet shareholder needs and expectations.

The Company places a great deal of importance on communication with all shareholders. The Company engages with its shareholders through meetings, informal communications and via stock exchange announcements. Both the Chairman and the Managing Director meet formally with institutional shareholders, usually after the interim and full year results announcements, presenting Company results, articulating strategy and updating shareholders on progress. These meetings also discuss matters pertaining to business performance and governance and are used to receive shareholder feedback on any issues or concerns. The feedback that has been received from shareholders has not required any changes to the Company's strategy

Corporate Governance Statement (continued)

and business model.

Trading and other statements are made via the London Stock Exchange during the year. The Company holds its Annual General Meeting, (AGM), at which all shareholders can attend, COVID restrictions permitting, and speak with any member of the Board. The Managing Director provides a business update at the AGM. At this update, shareholders are encouraged to give their views and ask questions.

Shareholders also communicate with the Company by completing an online form, emails and by telephone; we respond to their specific questions and inputs as required. Contact information is available on our website (www.gocct.com/contact-us/). Company contact details are also included in all announcements and these announcements are available on the Company website (investor.cct.co.uk/company-announcements/).

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

Stakeholders other than shareholders include our employees, customers, suppliers and advisors. These are all key to our short-term and long-term success. More details are provided in the following sections about these key resources and relationships:

Employees

We are not a capital-intensive business but depend upon the skills, capabilities and flexibility of our employees, and our business model depends upon us being agile and responsive.

The ability for the Group to continue to deliver the high-quality goods and services to its customer base is heavily reliant on the staff we employ. To this end, the Group understands the importance of hiring and retaining a highly skilled workforce and keeping employee satisfaction high through several initiatives. A few examples of these initiatives are:

- competitive remuneration package
- health benefits
- paid annual leave
- a defined contribution pension scheme
- share options scheme
- long-service awards

The Company has a Public Interest Disclosure Policy in place to facilitate "whistle-blowing" by employees which protects employees who report wrongdoing within the workplace. This includes the disclosure of information that relates to danger, fraud or other unethical conduct in the workplace. The aim of this Policy is to ensure that as far as possible our employees can communicate wrongdoing at work which they believe has occurred or is likely to occur.

Customers

We are committed to continually striving to improve the quality of service we deliver to our customers. As a specialist high-technology engineering company, we add value by developing and maintaining in depth understanding of our customers' needs. In most instances long-term relationships are an important part of our culture to establish and maintain relationships of trust.

The Company has a system of monitoring customer comments to assess our performance in satisfying their requirements. Customer feedback informs our decisions on the product portfolio. In addition, we regularly meet our key customers to identify their future requirements and to put to them our ideas on future products that would provide them, and us, with improved Returns on Investment (RoI). This has enabled us to develop the world-leading engineering products we now have, and to put in place longer-term engineering plans.

Corporate Governance Statement (continued)

Suppliers

Given the nature of our supply chain, we must keep in regular contact with key suppliers. This is to allow the Group to be actively connected to our main suppliers' high technology trends and to ensure continued component delivery to our elevated standards of quality. Supplier relationships are managed across many levels of the Group with regular communication on both strategic matters and day-to-day engagement. The Group prides itself on the longevity of many of these relationships and the key position it holds in the commercial operation of its suppliers.

Advisors

The Board maintains a regular dialogue with the Company's:

- Nominated Advisor
- Stock Brokers
- Lawyers
- Financial Advisors

These dialogues help ensure compliance with the AIM Rules, governance requirements and other rules and regulations.

Shareholders

As a publicly listed company, we must provide transparent and easy-to-understand information to ensure that all shareholders understand the Company in which they are invested. We are mandated to adhere to regulatory requirements and this includes:

- Regulatory News Releases on key events
- Maintaining an up-to-date website
- Annual reports and accounts posted to all shareholders
- AGMs

We maintain close relations with investors by meetings and other general communications. As noted above in Principle 2, regular feedback is obtained from shareholders.

Legislative issues

On the legislative side we ensure that we meet relevant regulatory requirements. Given the nature of our products we have in place procedures to ensure that we are compliant with the RoHS (Restriction of Hazardous Substances), COSHH (Control of Substances Hazardous to Health), DSEAAR (Dangerous Substances and Explosive Atmospheres Regulations) and GDPR (General Data Protection Regulation). In addition, the Company has a policy to maintain a "Conflict Free Material" supply chain, (as outlined in the USA's Dodd-Frank Act 2010). Data provided by our supply chain is reviewed to ensure, as much as is reasonably practicable, that our products do not contain conflict materials from conflict regions. We buy components either direct from the manufacturer or through manufacturers' authorised distributors or recognised sourcing agents.

The Group cooperates openly and fully with Government authorities and agencies. All recommendations of such authorities and agencies are implemented as soon as reasonably possible.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board has ultimate responsibility for the Group's system of internal controls and for reviewing its effectiveness. However, any such system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls that are in place, which include various policies and ISO 9001 quality systems, are appropriate for the size, complexity and risk profile of the Group.

The Audit Committee, on behalf of the Board, reviews the risk environment faced by the Group on a regular basis and how the Group manages and mitigates these risks. The Board has effective risk management embedded throughout the organisation which includes approval limits, internal policies, codes of conduct, health and safety and IT controls.

Corporate Governance Statement (continued)

The Board receives an assessment of risks from the Executive Directors. This assessment is reviewed at Board meetings. In addition, the Audit Committee also considers the quality and effectiveness of the Group's risk management procedures.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, as compared against budget are reported to the Board monthly and discussed in detail at each meeting of the Board. The Group uses a system which includes strategic planning, annual budgets, monthly reviews, KPI (Key Performance Indictors) reporting and forecast updates. Areas covered by this system include revenue, profit, working capital, capital investment and quality. On the recommendation of the Audit Committee, the Board has determined that an internal audit function is not required due to the small size of the Company's administrative function and the high level of Director review and authorisation of transactions. The Board will keep this matter under review as the Group develops.

The principal elements of the Group's internal control system include:

- close management of the day-to-day activities of the Group by the Executive Directors
- an organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks
- a comprehensive annual budgeting process producing a detailed Group profit and loss account and associated balance sheet, which is approved by the Board
- detailed monthly reporting of performance against budget
- central control over key areas such as capital expenditure authorisation and banking facilities
- extensive ISO 9001 quality system

The Board is not aware of any significant failings or weaknesses in the system of internal control.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.

The Board is highly experienced in the markets it addresses. Through the operation of the Board and the subsidiaries' Managing Director and/or President, the Board can monitor the business and respond in a timely manner to issues and opportunities as and when they arise.

The Board considers that Mark Cubitt (Chairman), who joined the Board during the year, and Clive Thomson are both independent. However, given Clive Thomson's length of service he will not stand for re-election at the forthcoming AGM and a new non-executive director will be recruited. Apart from receiving Directors' remuneration as disclosed in the Report and Accounts, neither of them receives any performance related remuneration or is entitled to participate in any share option scheme or has any other pecuniary relationship or has had in the period under review any transaction with the Company or any of its subsidiaries or its directors or senior management or associates which might in any way affect their judgement as to what is right and proper in performing their duties and responsibilities as Directors of the Company. The Board considers that the Chairman and the other non-Executive Director have both demonstrated their independence of character and judgment over the full period of their association with the Company. Neither the Chairman nor the other non-Executive Director represents the interests of any other shareholders.

Executive Directors work full time in the business and have no other outside business commitments. Executive Directors hold service contracts with a twelve-month notice period.

All Directors retire and submit themselves for re-election at the Company's Annual General Meeting on a rotating basis and no Director can hold office for more than three years without being re-elected.

The Board is satisfied that it has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively.

Details of attendance at the Board meetings and the various Committees by Directors are available on page 10 of this report. This report also details the key experience of each Director on page 8. Between them, the Directors have substantial experience in all aspects of the business: engineering, sales, marketing, support, manufacturing, production, finance and city relations.

Principle 6: Ensure that between them the Directors have necessary up-to-date experience, skills and capabilities.

Each Board member brings a different mix of capabilities, which blend well into a successful and effective team. The Board is satisfied that, between the Directors, it has an effective balance of skills and experience. For example, specialist embedded computing technology and broad experience in sales, operations, international expansion, finance, legal, information technology and capital markets. Board members maintain their skill sets through practice in day-to-day roles, enhanced with attending specific training where required.

Corporate Governance Statement (continued)

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary.

Board composition is kept under review and the Board is committed to ensuring diversity of skills, experience and gender balance.

Biographies for each Board member are published both on the Company's website at investor.cct.co.uk/board-of-directors-2/ and on page 8 of this report.

The Directors receive updates from the Company Secretary and also from various external advisers (including the Auditor, NOMAD and legal advisors) on a number of corporate governance, accountancy and regulatory issues.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The ultimate measure of the effectiveness of the Board is the Company's progress against the long-term strategy and aims of the business. This progress is reviewed in Board meetings. The review takes into consideration various criteria such as the effectiveness of the composition of the Board, the Board's approach to its work, its culture and dynamics, its structure and processes, its accessibility to information, its success in achieving its goals and the need for succession planning.

The Board is small and focused on implementing the Company's strategy. However, given the size and nature of the Company, the Board does not consider it appropriate to have a formal performance evaluation procedure in place, as described and recommended in the Code. However, assessment is done on an ongoing and ad-hoc basis. Assessments of all members of the Board are ongoing to ensure that:

- they are committed to the progress and long-term success of the Group
- their contribution is meaningful and effective
- they are progressing within their role
- high standards of ethics and compliance within the regulatory framework
- if relevant, they maintain their independence

Succession planning is a matter considered by the whole Board from their various points of view (risk, experience, incentivisation etc.). Primary responsibility for developing a succession planning policy currently rests with the Board but most of the responsibility has migrated to the Nominations Committee.

Succession planning processes are under review. Where possible, the Group seeks to promote staff internally but where internal promotion is not possible, the Group uses external advisors to seek appropriately qualified candidates.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours.

The Board is committed to promoting a strong ethical and values driven culture throughout the Group. These values are summarised as follows:

- commitment: giving our best at all times
- diversity: treating others with empathy and respect
- collaborative: cooperation and engagement
- innovative: all employees are encouraged to present continuous improvement ideas
- honesty: employees should act in a trustworthy way
- professional: open communication both internally and externally
- fairness: in our actions both within and outside the Company

Our values are always communicated to new employees via induction sessions, training and our employee handbook.

We understand that people need to enjoy what they do, and so we recognise those who demonstrate our values both informally and through annual staff appraisals and recognition schemes.

We see a company as a close knit social unit with an economic output and the success of our social unit depends on the values of honesty, trust, loyalty and working together, with a healthy balance of competition and cooperation, just as in any other unit of society. We try to run our businesses this way.

Corporate Governance Statement (continued)

The Board takes a forward-looking, proactive approach to culture within the Group in order to achieve a level of discipline that aids the management and oversight of risk of the business. There are several values that are important to the Group including:

- promoting a culture of respect and tolerance: team members work well together across a broad range of projects; being a team player, honesty and straightforwardness in the office and among employees are values that are highly regarded
- importance of the customer: the Company recognises that the business would fail without the loyalty of our customers. Overall customer satisfaction is monitored through customer satisfaction surveys, so we are able to note areas of strength and improve areas of weakness
- innovation: there is a very strong research and development theme in the Group in order to continue to develop new products and technologies for our customers

The Group has various other ethical policy and procedures, and these include:

Anti-bribery and Corruption Policy

The Group is committed to the prevention, deterrence and detection of fraud, bribery and all other corrupt business practices and so has an Anti-Bribery and Corruption Policy. It is the policy of the Group to conduct all of its business activities with honesty, integrity, and the highest possible ethical standards. This Policy is reviewed regularly and was last updated in March 2018.

Cyber risk

The Group has a Network/Computer Security Policy which covers physical and cyber security of its assets, employees and information. The Group's Security Policy is frequently reviewed, taking account of best practice and requirements in government and industry, and was last updated in August 2018. The Company is Cyber Essential certified which demonstrates that the Company has methods in place to provide protection against a wide variety of the most common cyber-attacks. Cyber Essential is backed by the UK Government's National Cyber Security Centre.

The Group has undertaken a full review of its requirements under the General Data Protection Regulation (GDPR), implementing appropriate policies and procedures to ensure compliance.

Group-Wide Dealing Policy

The Group has a Group-Wide Dealing Policy which imposes restrictions on transactions in the Company's securities beyond those imposed by law. Its purpose is to ensure that Directors, employees and other restricted persons do not abuse, and do not place themselves under suspicion of abusing, inside information that they may be thought to have, especially in periods leading up to an announcement of the Company's results.

Disaster Recovery

The Company and its subsidiary in the US have Disaster Recovery Plans in place.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.

The Board typically meets at least seven times per annum and further meetings are held by telephone as necessary. There were eight meetings in 2020. The Company Secretary also attends, and full minutes are taken. For these meetings reports are produced in relation to finance, sales, marketing, engineering and operations.

The Managing Director and Chairman have a standing call every two weeks to discuss current issues with a wide variety of topics covered in 2020.

A formal Board programme is agreed before the start of each financial year. This is structured, as far as possible, to align with the Group's annual financial programme.

A business update is made available to all Board members in advance of scheduled meetings, covering both operational and strategic matters.

The Board is responsible for the long-term performance of the Group. Specific matters are reserved for the Board and these include: Group strategy, corporate and capital structures, approval of key financial matters (annual and interim results, budgets, dividend policy) and Board membership and remuneration.

Corporate Governance Statement (continued)

The Board is supported by the Audit, Remuneration and Nomination Committees. Each Committee has access to the resources, information and advice that it deems necessary, at the Group's expense, to enable the Committee to discharge its duties.

The Board has established the following Committees with formally designated rules and responsibilities. Each Committee has a majority of non-Executives Directors. The Committees are:

- Remuneration committee: The function of this Committee is to review and recommend compensation strategies in order to recruit and retain Executive Board members of a sufficient calibre to deliver the Group's business plan. Members are Mark Cubitt (Chairman) and Clive Thomson, both of whom are independent non-Executive Directors. The Terms of Reference for this Committee can be seen at investor.cct.co.uk/wp-content/uploads/Terms-of-Reference-for-the-Remuneration-Committee.pdf
- Audit committee: The function of this Committee is to review the audited financial statements and the report of the Group's appointed auditors, and to oversee the procedures relating to risk reduction. They oversee the effectiveness of resultant corrective and/or preventative measures. Members are Mark Cubitt (Chairman) and Clive Thomson, both of whom are independent non-Executive Directors. The Terms of Reference for this Committee can be seen at investor.cct.co.uk/wp-content/uploads/Terms-of-Reference-for-Audit-Committee.pdf
- Nominations and Governance committee: This Committee's remit is to meet as necessary to consider appointments to the Board of Directors and to co-ordinate succession planning. Members are Mark Cubitt (Chairman) and Clive Thomson, both of whom are independent non-Executive Directors. The Terms of Reference for this Committee can be seen at investor.cct.co.uk/wp-content/uploads/Terms-of-Reference-for-Nominations-Committee.pdf

The roles of the Chairman, Managing Director and Company Secretary are as follows:

Chairman: the Chairman has overall responsibility for corporate governance and promoting high standards throughout the Group. Leading and chairing the Board is another key responsibility by ensuring that the Committees are properly structured, quorate and have the appropriate information and resources with which to perform their functions. The Chairman is instrumental in developing strategy and setting objectives for the Group and overseeing communication between the Group and its shareholders.

Managing Director: the Managing Director is the Chief Executive Officer of the Group and provides leadership and management to the Group. The Managing Director pushes the development of objectives, strategies and performance standards whilst also overseeing and managing key risks that may be present and also keeps the Board updated on employee and other key stakeholders on relevant matters. Investor relations are another key role to ensure that communications with the Group's existing shareholders and financial institutions is maintained.

Company Secretary: the Company Secretary is responsible for providing a clear and timely information flow to the Board and its Committees and supports the Board on matters of corporate governance and risk. This role is fulfilled by Cargil Management Services Ltd. The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. In addition they can act as a link between the Company and shareholders on matters of governance and investor relations ensuring that the Board is kept informed of their opinions.

The Board is committed to an improvement in its governance approach and aims to enhance and develop compliance with best practice as appropriate for the size of the Company.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Group communicates with shareholders through the Annual Report and Accounts, Interim Accounts, the AGM and one-to-one meetings with certain existing or potential new shareholders. A report from the Remuneration Committee is set out within the Annual Report and Accounts on page 16.

The results of the voting at the AGM held on 16 June 2020 can be seen on the Company's website at investor.cct.co.uk/agm-voting-results-2/. All the resolutions proposed at the last AGM passed.

The Company's website includes historic annual accounts and AGM notices for the last five years – see investor.cct.co.uk/reports-and-accounts/.

Corporate Governance Statement (continued)

In formally adopting the Code as its governance framework, the Board has reviewed all aspects of compliance and has acted to improve disclosures on its website at investor.cct.co.uk/corporate-governance/.

M Cubitt
Chairman
10 April 2021

Report of the Remuneration Committee

The Remuneration Committee consists of two Non-Executive Directors: Mr M Cubitt, who is Chairman and Mr C M Thomson.

Directors' Emoluments

Each Executive Director is employed by the Company under a written contract of employment which provides for termination by either party giving twelve months written notice.

Each Executive Director receives a remuneration package comprising a basic salary and benefits in kind. For each year, commencing on 1 January, the Remuneration Committee recommends to the Board of Directors, the level of emoluments to be paid to each Executive and Non-Executive Director and the basis upon which any bonuses will be payable to each Executive Director. Bonuses are specifically related to the Group's performance and are calculated according to a formula recommended by the Remuneration Committee at the beginning of each year. The Non-Executive Directors are not entitled to bonuses.

UK based Executive Directors are entitled to be members of the Company's pension scheme, details of which are set out in Note 23 to the Financial Statements. Non-Executive Directors are not entitled to join the Company's pension scheme.

Each Non-Executive Director is employed by the Company under a written contract that provides for termination by either party giving three months written notice.

Mark Cubitt joined the Board as a Non-Executive Director on 24 March 2020 and was appointed Chairman at the AGM on 16 June 2020. Brent Salgat joined the Board as an Executive Director on 19 May, 2020 and Michael Collins retired as a Director of the Company on 30 September 2020.

Directors' Emoluments during the year ended 31 December 2020 were:

Director	Emoluments & Compensation including benefits received (£)	Company Contributions to Pension Scheme (£)	Total Emoluments (£)
M Cubitt	33,747	-	33,747
C M Thomson	28,840	-	28,840
J B Annear	271,332	11,324	282,656
D Evans-Hughes	163,411	17,406	180,817
B Salgat	127,556	-	127,556
M Collins	31,166	-	31,166

Share Options

The Company operates an Enterprise Management Incentive Share Option Scheme. Details of the Scheme are set out in Note 27 to the Financial Statements. The Board of the Company administers the Scheme, delegated to the Remuneration Committee, which has authority to offer options to a limited number of employees.

Interests of the Directors in the Share Option Scheme

The interests of the Directors in the Share Option Scheme during the year were as follows:

Director	Number of Shares under option at 31/12/19	Options Exercised	Number of Shares under option at 31/12/20	Exercise Price	Date from which Share Option is Exercisable	Expiry date of Share Option
J B Annear	400,000	400,000	-	39.0p	26 March 2018	26 March 2025
J B Annear	-	-	100,000	101.5p	14 October 2023	14 October 2030
D Evans-Hughes	400,000	75,000	325,000	39.0p	26 March 2018	26 March 2025
D Evans-Hughes	-	-	50,000	101.5p	14 October 2023	14 October 2030
B Salgat	10,000	-	10,000	48.5p	1 October 2015	1 October 2022
B Salgat	150,000	-	150,000	39.0p	26 March 2018	26 March 2025
B Salgat	-	-	100,000	101.5p	14 October 2023	14 October 2030

Report of the Remuneration Committee (continued)

The market price of the Company's shares as at the end of the financial year was 113.0p and the range of published market prices during the year was 62.0p to 124.0p.

M Cubitt
Chairman of the Remuneration Committee
10 April 2021

Report of the Auditors

Opinion

Independent auditor's report to the members of Concurrent Technologies Plc

Our opinion on the financial statements is unmodified

We have audited the financial statements of Concurrent Technologies Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's assessment of going concern and supporting information which covers the going concern period to 31st December 2022, including budgets and cash flow forecasts. We assessed how the budgets and forecasts were compiled, and assessed their accuracy by validating the appropriateness of underlying assumptions;
- Critically evaluating the revenue and cost projections underlying the model with reference to market information, past performance of the Group as well as any known post balance sheet events;
- Performing sensitivity analysis on the forecasts prepared by management and review of the reverse stress test scenario, evaluating the likelihood of this; and
- Assessing the adequacy of the going concern disclosures included within the financial statements.

Report of the Auditors (continued)

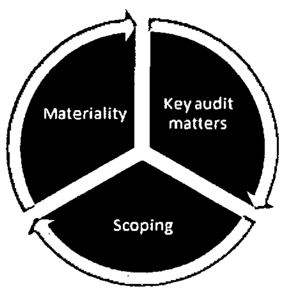
In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties, including Covid-19 and Brexit. We assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

GrantThornton



Overview of our audit approach

Overall Materiality

- Group: £150,000, which represents 5% of the group's profit before taxation at the planning stage.
- Parent company: £140,000, which represents 5% of the parent company's profit before taxation at the planning stage.

Key Audit Matters :

Impairment of intangible assets related to capitalised development costs, this is the same as the previous year and was the only key audit matter disclosed.

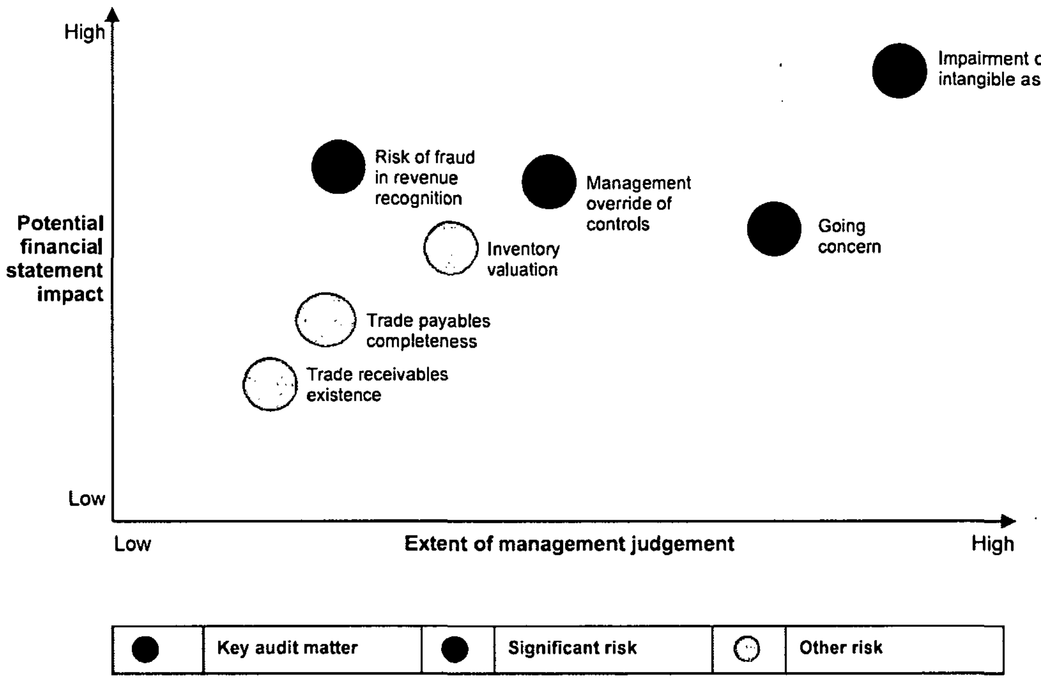
We performed an audit of the financial information of the parent company, Concurrent Technologies plc, using component materiality (full-scope audit procedures). We performed the audit of one or more classes of transactions, account balances or disclosures relating to material balances (specific-scope audit procedures) for Concurrent Technologies Inc and Concurrent Tech India Private Ltd, whilst also performing analytical procedures at Group level.

Report of the Auditors (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Report of the Auditors (continued)

Key Audit Matter – Group and parent company

Impairment of intangible assets related to development costs

We identified impairment of intangible assets related to capitalised development costs as one of the most significant assessed risks of material misstatement due to fraud and error. Our risk is specifically in relation to projects with indicators of impairment and significant value projects, we have reviewed the population for the following characteristics:

- Projects that have materially underperformed against forecasts
- Projects with no sales in the year but forecasted revenue
- Projects that have underperformed with nil headroom in the prior year
- Projects with a material net book value

The carrying value of intangible assets related to development costs was £7,187,658 (2019: £7,982,896) at the balance sheet date.

Management have performed an assessment of impairment indicators for capitalised development costs. The assessment is based on identifiable projects for which future revenues and gross margins can be assigned to calculate the recoverable amount based on the discounted cash flow model.

Management's assessment of potential impairment indicators incorporates key assumptions over the timing and extent of future revenues, gross margin and discount rate used.

An impairment review is completed for each projects in order to assess whether an impairment arises. Management apply judgement in respect of this impairment review and the calculation of any resultant impairment provision at the balance sheet date.

Due to the inherent uncertainty involved in forecasting and discounting future cash flows, and the degree of subjectivity in management's provision decisions, we identified the impairment of intangible assets related to capitalised development costs as a significant risk, which was one of the most significant assessed risks of material misstatement.

How the matter was addressed in the audit – Group and parent company

In responding to the key audit matter, we performed the following audit procedures:

- Examine management's assessment of impairment indicators, including the discounted cash flow forecasts for a sample of significant projects and challenging key assumptions used in the model. We based our sample on projects with indicators of impairment and significant value projects;
- Reperformance of calculations for a sample of projects, challenging the forecasted growth assumptions prepared by management;
- Assessed the completeness of management's proposed impairments;
- Review of actual results vs prior year forecasts for a sample of projects and discussion of underperforming projects with management;
- Review of headroom calculations in order to determine whether there are any indications of impairment present in the project; and
- Utilising an internal valuation specialist to review managements discount rate used in the impairment calculation.
- Performance of sensitivity analysis on the discount rate applied by management using the acceptable range as advised by the valuation specialist, confirming that the impact of a change in discount rate is immaterial.

Relevant disclosures in the Annual Report and Accounts

The Group's accounting policy on intangible asset impairment is set out in note 2, Intangible assets and Impairment of property, plant and equipment and intangible assets.

Our results

Our testing did not identify any material misstatements relating to the impairment of intangible assets.

Report of the Auditors (continued)

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality for financial statements as a whole

We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.

Materiality was determined as follows:

Materiality measure	**Group**	**Parent company**
Materiality threshold	*£150,000 which is 5% of profit* before taxation at the planning stage.	*£140,000 which is 5% of profit* before taxation at the planning stage.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: Profit before taxation is considered the most appropriate benchmark because the Group is a commercially focused organisation and profit before taxation is a key financial measure for shareholders. We reassessed materiality at the fieldwork stage and identified that profit before taxation had reduced. The updated figure included one off costs in relation to the closedown of India. After excluding exceptional costs *materiality was in line with* planning materiality and therefore no revisions to materiality were required. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2020 to reflect the reduction in profit before taxation.	In determining materiality, we made the following significant judgements Profit before taxation is considered the most appropriate benchmark because the Group is a commercially focused organisation and profit before taxation is a key financial measure for shareholders. Although this is the holding company, it is also the main UK trading entity of the group. We reassessed materiality at the fieldwork stage and identified that profit before taxation had reduced. The updated figure *included one off costs in relation* to the closedown of India. After excluding exceptional costs materiality was in line with planning materiality and therefore no revisions to materiality were required. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2020 to reflect the reduction in profit before taxation.
Significant revision of materiality threshold that was made as the audit progressed	There have been no significant revisions to the materiality threshold determined at the planning stage.	There have been no significant revisions to the materiality threshold determined at the planning stage.

Report of the Auditors (continued)

Performance materiality used to drive the extent of our testing

We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

	Group	Parent company
Performance materiality threshold	£112,500 which is 75% of financial statement materiality.	£105,000 which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we considered: Our risk assessment procedures - there have been no changes to business activities, systems and controls nor an increase in fraud risk indicators during the year. the strength of the control environment and our experience auditing the financial statements of the Group, including the effect of misstatements identified in previous audits. The measurement percentage of 75% is consistent with that applied in the prior year.	In determining performance materiality, we considered: Our risk assessment procedures - here have been no changes to business activities, systems and controls nor an increase in fraud risk indicators during the year. the strength of the control environment and our experience auditing the financial statements of the Company, including the effect of misstatements identified in previous audits. The measurement percentage of 75% is consistent with that applied in the prior year.
Significant revision of performance materiality threshold that was made as the audit progressed	There have been no significant revisions to the performance materiality threshold determined at the planning stage.	There have been no significant revisions to the performance materiality threshold determined at the planning stage.

Specific materiality

We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

	Group	Parent company
Specific materiality threshold	We determined a lower level of specific materiality for the following areas: • Auditor's remuneration • Directors emoluments • Related party transactions	We determined a lower level of specific materiality for the following areas: • Auditor's remuneration • Directors emoluments • Related party transactions

Communication of misstatements to the audit committee

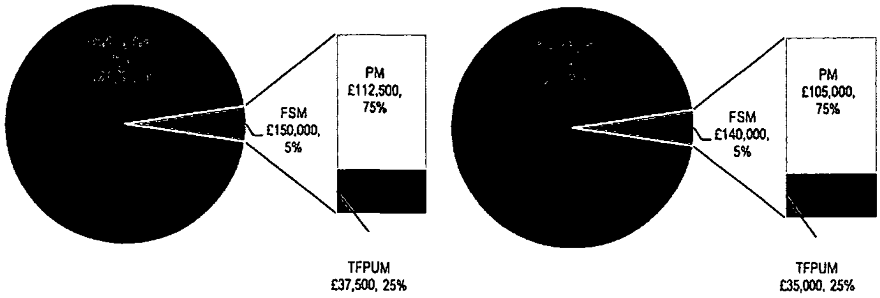
We determine a threshold for reporting unadjusted differences to the audit committee.

	Group	Parent company
Threshold for communication	£7,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£7,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Report of the Auditors (continued)

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group | Overall materiality – Parent company



FSM: Financial statements materiality. PM: Performance materiality. TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

Understanding the Group, its components, and their environments, including Group-wide controls

- We obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level.
- The centralised finance function is based in the UK, however the Group has subsidiaries in the US and India. We have performed a risk assessment on the overseas subsidiaries, obtaining an understanding of the operations in each company and tailoring our risk assessment appropriately.
- In assessing the risk of material misstatement of the Group financial statements we considered the transactions undertaken by each entity and therefore where the focus of our work was required.
- We have tailored our audit response accordingly with all audit work undertaken by the Group audit team including the observation of physical stock counts.

Identifying significant components

- We considered the size and risk profile of each component, any changes in the business and other factors when determining the level of work to be performed on the financial information of each component. The significance of each component was determined based on the percentage of the Group's total assets, revenues and profit before taxation.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- Audit of the financial information using component materiality ("Full scope audit"), was performed on Concurrent Technologies Plc.
- Audit of one or more account balances, classes of transactions or disclosures of the component (specified audit procedures); were performed on Concurrent Technologies Inc and Concurrent Tech India Private Ltd.
- At Group level we also tested the consolidation process to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information for components for which a full scope audit was not performed.
- We identified impairment of intangible assets related to development costs as a key audit matter and the procedures performed in respect of this has been included in the key audit matters section of the report.

Report of the Auditors (continued)

Performance of our audit

- As documented above, the Group has a centralised finance function based at the Group's head office in Colchester, UK. All procedures were performed by the Group audit team, there are no component auditors.
- In total, our full scope and specific-scope audit procedures covered 99% of the Group's total assets, 97% of the Group's total liabilities, 100% of the Group's revenue and 98% of the Group's profit before tax
- The audit was performed wholly remotely, except for the stock take which was performed on site, given the restrictions on travel arising from Covid-19.

Changes in approach from previous periods

- There have been no changes in our assessment of scoping the Group audit from the prior year.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of Directors for the financial statements

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.

Report of the Auditors (continued)

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the parent company and the Group and the industry in which they operate. We determined that the following laws and regulations were most significant: International accounting standards in conformity with the requirements of the Companies Act 2006, Companies Act 2006, AIM Rules, UK Corporate governance code and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters, data security and protection and the use of substances in the development of products.
- We obtained an understanding of how the parent company and the Group is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board meeting minutes.
- We enquired of management and the audit committee, whether they had knowledge of actual, suspected or alleged fraud. We corroborated this through our testing around the risk of management override of controls and significant estimates and judgements.
- We enquired of management and the audit committee, whether they were aware of any instances of non-compliance with laws and regulations. We corroborated this through our review of professional fees incurred during the year.
- We assessed the susceptibility of the parent company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
    - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud:
    - challenging assumptions and judgements made by management in making its significant accounting estimates;
    - utilising a valuation specialist to review managements discount rate used in the impairment calculation;

Report of the Auditors (continued)

- identifying and testing journal entries, in particular any large or unusual journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- assessing the extent of compliance with certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements.

- We reviewed the Group's press releases and performed a search of any related information in the public domain.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- It is the audit partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.
- The Group's management and Audit Committee have not noted any matters of non-compliance with laws and regulations or fraud that were communicated with the audit team.
- We completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from material fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Paul Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
10 April 2021

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	Year to 31 December 2020	Year to 31 December 2019
CONTINUING OPERATIONS		£	£
Revenue	3	21,141,294	19,384,724
Cost of sales		9,780,750	9,174,588
Gross profit		11,360,544	10,210,136
Operating expenses		8,444,962	7,204,073
Group operating profit	4	2,915,582	3,006,063
Finance costs		(83,985)	(41,808)
Finance income	5	16,480	96,601
Other Income	6	-	1,000,000
Profit before tax		2,848,077	4,060,856
Tax	7	98,167	52,857
Profit for the year		2,749,910	4,007,999
Other Comprehensive Income			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(283,681)	(186,972)
Tax relating to components of other comprehensive income		-	-
Other Comprehensive Income for the year, net of tax		(283,681)	(186,972)
Total Comprehensive Income for the year		2,466,229	3,821,027
Profit for the period attributable to:			
Equity holders of the parent		2,749,910	4,007,999
Total Comprehensive Income attributable to:			
Equity holders of the parent		2,466,229	3,821,027
Earnings per share			
Basic earnings per share	9	3.75p	5.51p
Diluted earnings per share	9	3.74p	5.47p

Consolidated Balance Sheet

At 31 December 2020

	Note	**As at 31 December 2020 £**	**As at 31 December 2019 (as restated) £**
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,734,965	1,638,429
Intangible assets	13	7,205,581	7,991,119
Deferred tax assets	14	134,775	142,894
		9,075,321	9,772,442
Current assets			
Inventories	16	5,533,574	5,097,907
Trade and other receivables	17	2,356,157	2,703,960
Current tax assets		305,113	274,221
Other financial assets	19	-	-
Cash and cash equivalents		11,765,974	10,487,902
		19,960,818	18,563,990
Total assets		29,036,139	28,336,432
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	14	1,571,830	1,453,331
Trade and other payables	18	704,800	838,001
Long term provisions	20	16,162	16,731
		2,292,792	2,308,063
Current liabilities			
Trade and other payables	18	4,143,522	4,126,823
Short term provisions	20	16,354	16,832
Current Tax Liabilities		26,504	-
		4,186,380	4,143,655
Total liabilities		6,479,172	6,451,718
Net assets		22,556,967	21,884,714
EQUITY			
Capital and reserves			
Share capital	22	739,000	739,000
Share premium account		3,699,105	3,699,105
Capital redemption reserve		256,976	256,976
Cumulative translation reserve		(121,293)	162,388
Profit and loss account		17,983,179	17,027,245
Equity attributable to equity holders of the parent		22,556,967	21,884,714
Total equity		22,556,967	21,884,714

Company Registered Number: 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 10h April 2021 and signed on its behalf by:

Jane Annear

M Cubitt
Chairman

J B Annear
Managing Director

Company Balance Sheet

At 31 December 2020

	Note	**As at 31 December 2020** £	**As at 31 December 2019 (as restated)** £
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,608,103	1,576,234
Intangible assets	13	7,205,057	7,989,589
Deferred tax assets	14	112,532	94,709
Investments	15	1,390,516	1,389,481
		10,316,208	11,050,013
Current assets			
Inventories	16	5,533,574	5,097,907
Trade and other receivables	17	2,398,318	2,796,349
Current tax assets		274,153	143,799
Other financial assets	19	-	-
Cash and cash equivalents		9,271,606	6,817,338
		17,477,651	14,855,393
Total assets		27,793,859	25,905,406
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	14	1,511,742	1,454,850
Trade and other payables	18	625,944	838,001
Long term provisions	20	16,162	16,731
		2,153,848	2,309,582
Current liabilities			
Trade and other payables	18	3,524,666	3,346,167
Short term provisions	20	16,354	16,832
		3,541,020	3,362,999
Total liabilities		5,694,868	5,672,581
Net assets		22,098,991	20,232,825
EQUITY			
Capital and reserves			
Share capital	22	739,000	739,000
Share premium account		3,699,105	3,699,105
Capital redemption reserve		256,976	256,976
Profit and loss account		17,403,910	15,537,744
Equity attributable to equity holders of the parent		22,098,991	20,232,825
Total equity		22,098,991	20,232,825

The Parent Company Profit for the year was £3,660,142.

Company Registered Number: 01919979

The Financial Statements were approved and authorised for issue by the Board of Directors on 10th April 2021 and signed on its behalf by:

Jane Annear

M Cubitt
Chairman

J B Annear
Managing Director

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	**Year to 31 December 2020 £**	**Year to 31 December 2019 £**
Cash flows from operating activities			
Profit before tax for the period		2,848,077	4,060,856
Adjustments for:			
Finance income		(16,480)	(96,601)
Finance costs		83,985	41,808
Depreciation		282,563	315,687
Amortisation		1,793,628	1,788,003
Impairment loss		888,579	483,630
Share-based payment		6,991	82,421
Exchange differences		(300,569)	(205,790)
Decrease/(increase) in inventories		(435,667)	(1,001,331)
(Increase)/decrease in trade and other receivables		347,803	648,621
Increase/(decrease) in trade and other payables		(9,354)	1,232,237
Cash generated from operations		5,489,557	7,349,541
Tax received/(paid)		40,536	(21,173)
Net cash generated from operating activities		5,530,092	7,328,368
Cash flows from investing activities			
Interest received		16,480	96,601
Purchases of property, plant and equipment (PPE)		(385,964)	(476,376)
Capitalisation of development costs and purchases of intangible assets		(1,896,659)	(2,272,054)
Net cash used in investing activities		(2,266,143)	(2,651,829)
Cash flows from financing activities			
Equity dividends paid		(1,864,968)	(1,745,345)
Repayment of leasing liabilities		(108,195)	(108,426)
Interest paid		(83,985)	(41,808)
Sale of treasury shares		47,529	4,950
Net cash used in financing activities		(2,009,619)	(1,890,629)
Effects of exchange rate changes on cash and cash equivalents		23,742	22,640
Net increase/(decrease) in cash		1,278,072	2,808,550
Cash at beginning of period		10,487,902	7,679,352
Cash at the end of the period		11,765,974	10,487,902

Company Cash Flow Statement

For the year ended 31 December 2020

	Note	Year to 31 December 2020 £	Year to 31 December 2019 £
Cash flows from operating activities			
Profit before tax for the period		2,624,577	3,794,555
Adjustments for:			
Finance income		(7,053)	(49,278)
Finance costs		58,706	41,808
Depreciation		222,878	268,654
Amortisation		1,792,612	1,786,758
Impairment loss		888,579	483,630
Loss/(profit) on disposal of property, plant and equipment (PPE)		-	-
Share-based payment		5,956	74,301
Decrease/(increase) in inventories		(435,667)	(1,016,237)
(Increase)/decrease in trade and other receivables		398,031	325,968
Increase/(decrease) in trade and other payables		73,587	724,179
Cash generated from operations		5,622,206	6,434,338
Tax received/(paid)		-	4,658
Net cash generated from operating activities		5,622,206	6,438,996
Cash flows from investing activities			
Interest received		7,053	49,278
Dividends received		960,755	-
Cash released from/(placed) on deposit		-	-
Purchases of property, plant and equipment (PPE)		(254,747)	(454,179)
Proceeds from sale of PPE		-	-
Capitalisation of development costs and purchases of intangible assets		(1,896,659)	(2,271,846)
Net cash used in investing activities		(1,183,598)	(2,676,747)
Cash flows from financing activities			
Equity dividends paid		(1,864,968)	(1,745,345)
Repayment of leasing liabilities		(108,195)	(108,426)
Interest paid		(58,706)	(41,808)
Sale of treasury shares		47,529	4,950
Net cash used in financing activities		(1,984,340)	(1,890,629)
Net increase/(decrease) in cash		2,454,268	1,871,620
Cash at beginning of period		6,817,338	4,945,718
Cash at the end of the period		9,271,606	6,817,338

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £	Share premium £	Capital redemption reserve £	Cumulative translation reserve £	Profit and loss account £	Total Equity £
Balance at 1 January 2019	739,000	3,699,105	256,976	349,360	14,670,553	19,714,994
Profit for the period	-	-	-	-	4,007,999	4,007,999
Exchange differences on translating foreign operations	-	-	-	(186,972)	-	(186,972)
Total comprehensive income for the period	-	-	-	(186,972)	4,007,999	3,821,027
Transactions with owners:						
Share-based payment	-	-	-	-	82,421	82,421
Deferred tax on share-based payment	-	-	-	-	6,667	6,667
Dividends paid	-	-	-	-	(1,745,345)	(1,745,345)
Transfer of treasury shares	-	-	-	-	4,950	4,950
Balance at 31 December 2019	739,000	3,699,105	256,976	162,388	17,027,245	21,884,714
Profit for the period	-	-	-	-	2,749,910	2,749,910
Exchange differences on translating foreign operations	-	-	-	(283,681)	-	(283,681)
Total comprehensive income for the period	-	-	-	(283,681)	2,749,910	2,466,229
Transactions with owners:						
Share-based payment	-	-	-	-	6,991	6,991
Deferred tax on share-based payment	-	-	-	-	16,472	16,472
Dividends paid	-	-	-	-	(1,864,968)	(1,864,968)
Sale of treasury shares	-	-	-	-	47,529	47,529
Balance at 31 December 2020	739,000	3,699,105	256,976	(121,293)	17,983,179	22,556,967

Company Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total Equity £
Balance at 1 January 2019	739,000	3,699,105	256,976	13,433,962	18,129,043
Total profit and comprehensive income for the period	-	-	-	3,755,089	3,755,089
Transactions with owners:					
Share-based payment	-	-	-	82,421	82,421
Deferred tax on share-based payment	-	-	-	6,667	6,667
Dividends paid	-	-	-	(1,745,345)	(1,745,345)
Transfer of treasury shares	-	-	-	4,950	4,950
Balance at 31 December 2019	739,000	3,699,105	256,976	15,537,744	20,232,825
Total profit and comprehensive income for the period	-	-	-	3,660,142	3,660,142
Transactions with owners:					
Share-based payment	-	-	-	6,991	6,991
Deferred tax on share-based payment	-	-	-	16,472	16,472
Dividends paid	-	-	-	(1,864,968)	(1,864,968)
Sale of treasury shares	-	-	-	47,529	47,529
Balance at 31 December 2020	739,000	3,699,105	256,976	17,403,910	22,098,991

Notes to the Financial Statements

For the year ended 31 December 2020

Note 1 **GENERAL INFORMATION**

The principal activity of Concurrent Technologies Plc ('the Company') and its subsidiaries (together 'the Group') is the design, development, manufacture and marketing of single board computers for system integrators and original equipment manufacturers.

Concurrent Technologies Plc is the Group's ultimate Parent Company. It is incorporated and domiciled in the United Kingdom. Concurrent Technologies Plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

The Group's financial statements are presented in pounds sterling (£), which is also the functional currency of the Parent Company. They have been approved for issue by the Board of Directors on 10th April 2021.

Note 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation

These financial statements are for the year ended 31 December 2020. They have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. These financial statements have been prepared under the historical cost convention.

Changes in significant accounting policies

There have been no changes in the year to significant accounting policies during the period.

The Parent Company has relied on the exemption conferred by s408 of the Companies Act 2006 in not publishing its own profit and loss account. The Parent Company retained profit for the year was £3,660,142.

The policies set out below have been consistently applied to all the years presented, except where stated and in respect of the restatement of prior period lease liabilities as set out in note 18.

Basis of presentation

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements. The Group has elected to present the 'Income Statement' and 'Statement of Other Comprehensive Income' in one statement.

Going Concern

The Directors have reviewed the approved budget and also forecasts sensitised for different scenarios for the next financial year together with extended medium term forecasts, taking into account general and specific market conditions, status of suppliers, liquidity and funding requirements and the needs of subsidiary companies.

Particular attention has been paid to the potential impact of the COVID-19 pandemic. The Directors have assessed the viability of the Group using extreme assumptions to reverse stress test the cash forecast. Assumptions include; extreme reduction in sales; decrease in gross margin; large increase in stock levels; and high levels of customer payment default. Additionally, within these scenarios we have excluded any potential beneficial impacts such as tighter management of working capital; all government support schemes; and key supply chain status. These have been excluded to retain headroom in the forecast and to provide a worst expected case scenario. The forecast is that significant, although reduced, cash balances remain within the Group and there is no borrowing requirement leaving the Directors confident that reporting can be completed on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns. The consolidation method used is the acquisition method.

The acquisition method views a business combination from the perspective of the combining entity that is identified as the acquirer. The acquirer recognises the assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised by the acquiree, where recognition criteria are met. Measurement of these items is generally at fair value at acquisition date. The measurement of the acquirer's assets and liabilities is not affected by the transaction, nor are any additional assets or liabilities of the acquirer recognised as a result of the transaction, because they are not the subjects of the transaction. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the Financial Statements (continued)

Revenue recognition

Revenue is recognised by the Group using the 5 step process outlined in IFRS 15:

- Identifying a contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when the performance obligations are satisfied

The Group's principal source of revenue is from the sale of single board computers and associated products. Revenue from the sale of products is recognised when the Group satisfies its performance obligations by transferring the promised goods to its customers. Control is considered to transfer at the point in time the customer takes undisputed responsibility for the goods at a point in time which depends on the terms and conditions of sale with the customer but will generally be on delivery to the customer unless subject to Free on Board shipping terms when the goods are transported to a particular location and then they become the customer's responsibility. The Group provides a basic warranty on its products but does offer customers the opportunity to purchase an extended warranty of one, two or three years for their boards. As the customer has the option of purchasing the additional warranty separately, this is accounted for as a separate performance obligation under IFRS15 where the Group will repair or replace faulty boards at no additional charge to the customer. Deferred revenue on these extended warranties is recognised and released to income over the contract period until the performance obligation is satisfied. Other services provided are invoiced and accounted for on provision of the service.

Foreign currencies

The functional and presentational currency of the Company is pounds sterling (GBP). Transactions in currencies other than the functional currency of the individual entities within the Group are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into pounds sterling upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Income and expenses have been translated into GBP at the rates of exchange prevailing on the dates of the transactions over the reporting period. In line with IAS 21, an average rate is used for the period unless exchange rates fluctuate significantly and then the weighted average rate is used. Exchange differences are charged/credited to other comprehensive income and recognised in the cumulative translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate.

Inventories

Inventories are stated at the lower of cost and net realisable value on a first in first out basis. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value represents the estimated selling price after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state into a finished condition. Provision is made where necessary for obsolete, slow moving or defective inventories.

Discontinued Operations

Closure of the R&D function in India does not meet the definition of a Discontinued Operation as per IFRS 5 and so closure costs are reported within the Group Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

Note 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leases

At lease commencement the Group recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost and initial direct costs incurred by the Group. The right of use asset is then depreciated on a straight line basis over the term of the lease or the estimated useful life of the asset if shorter. At commencement date the Group measures the lease liability at the present value of the future lease payments, discounted using the Group's incremental borrowing rate.

The Group has elected to account for short-term leases and leases of low value assets using the practical expedients and payments in relation to these are recognised as an expense in the appropriate period.

Right of use assets have been included in property, plant and equipment and the corresponding lease liability included in trade and other payables.

Other Income

The Group classifies receipts from insurance claims as Other income and recognises the receipts at fair value within the Statement of Comprehensive Income in the period in which they are received.

Property, plant and equipment

Property, plant and equipment is stated at original historical cost, net of depreciation and any provision for impairment. Depreciation is charged so as to write off the cost of assets together with any cost directly attributable with bringing the asset into use, less estimated residual value, on a straight line or reducing balance basis over their estimated useful lives in accordance with the table below:

Plant and machinery	5 - 15 years on a straight line basis
Fixtures, fittings and equipment	3 - 7 years on a straight line basis
Computer equipment	3 - 5 years on a straight line basis
Improvements to short leasehold property	5 - 10 years on a straight line basis

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

The residual values and useful economic lives of leasehold property, plant and equipment are reviewed annually.

Intangible assets

All intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Research costs

Research costs are charged directly to operating expense in the statement of comprehensive income as incurred.

Development costs

Development costs are capitalised as intangible assets if the asset can be separately identified; it is in the control of the Group; future economic benefits will accrue to Group; it is technically feasible and the costs can be reliably determined.

Capitalised development costs comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management, including development-related overheads. Amortisation commences upon completion of the development or when the asset becomes available for commercial production. Capitalised development costs are amortised on a straight line basis, over the estimated product life which is generally five to seven years. The asset will be reviewed annually for impairment or whenever indicators suggest that the carrying amount may not be recovered throughout the period in which it is being used.

All other development costs are recorded under operating expense in the statement of comprehensive income in the period they are incurred.

Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of hardware, are capitalised at cost and amortised over their useful lives of three to seven years.

The carrying values of intangible assets with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

Notes to the Financial Statements (continued)

Note 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Impairment of property, plant and equipment and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

Current tax is the tax currently payable based on taxable profit for the year. Current tax for current and prior periods shall, to the extent unpaid, be recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognised as an asset.

The tax expense for the period 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. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group takes advantage of the small companies taxation scheme in respect of R&D tax credits. These are included in the taxation line and are accounted for on a receivable basis.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year-end date.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(i) Financial Assets
Financial assets are held at amortised cost if the assets are held with the objective to collect contractual cash flows and where the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition at fair value being the amount of consideration that is unconditional, receivable balances are measured at amortised cost using the effective interest method, less provision for impairment. The Group's cash and cash equivalents, other financial assets (fixed term deposits), trade and most other receivables fall into this category of financial instruments.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(ii) Financial liabilities
Trade and other payables are not interest bearing and are initially recognised at fair value plus transaction costs directly attributable to their acquisition and then subsequently measured at amortised cost.

(iii) Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value plus transaction costs directly attributable to their acquisition and subsequently measured at amortised cost using the effective interest method. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Investments in subsidiaries

Investments in subsidiaries, as reported in the Parent Company financial statements, are included at cost less provision for impairment.

Finance Income

Finance income comprises interest income accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable.

Dividends

Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

Notes to the Financial Statements (continued)

Note 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Employee benefits

Retirement benefits
The Company operates a defined contribution retirement benefit plan. The cost of the defined contribution plan is charged to operating expenses in the statement of comprehensive income on the basis of contributions payable by the Company during the year.

Defined benefit pension scheme

The Indian subsidiary company provides retirement and termination benefits which fall within the scope of IAS 19: Retirement Benefits as defined benefit schemes. The liabilities of these schemes are measured on an actuarial basis and are discounted to their present values using a discount rate based on government bond rates in the associated country. There are no assets associated with the benefits. The liability is recognised in full on the balance sheet. An associated deferred tax balance relating to the liability is recognised.

Share-based payments
The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. In the consolidated Financial Statements, the fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares which will eventually vest, together with a corresponding increase in equity. In the Financial Statements of the Company, equity-settled share-based payments issued to employees of the Company are treated in the same manner as in the consolidated Financial Statements. Equity settled share-based payments issued to employees of subsidiary undertakings are treated in the Financial Statements of the Company as an increase in investment in subsidiary companies, together with a corresponding increase in equity, over the vesting period based on the Group's estimate of shares which will eventually vest.

Fair value is measured by use of a binomial option pricing model and has been adjusted for the estimated effect of non-transferability, exercise restrictions and behavioural considerations.

Treasury shares

The Company's shares which have been purchased and not cancelled are held as treasury shares and deducted from shareholders' equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the shares.

Reserves

Share premium account represents the difference between the price received on the sale of shares and their par value.

Capital redemption reserve arose from the purchase of shares and represents their nominal value.

Cumulative translation reserve arises from the consolidation of foreign subsidiaries.

Share Capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and share-based payments less treasury shares held at the balance sheet date.

Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Provisions are not discounted unless considered to be material.

Key judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of creating a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Development costs
To substantiate the carrying value of the capitalised development costs, management have applied the criteria of IAS 38 'Intangible Assets' and have estimated the future economic benefits which will be achieved from this investment using an estimated useful life of 7 years.

Judgement is required when distinguishing the research and development phases of new projects, and determining whether the recognition requirements for capitalisation of the development costs are met. In assessing impairment of capitalised development costs management consider each project is considered to be a separate cash generating unit, and expected future cash flows attributable to these projects, discounted at the applied rate of 5.31%, are evaluated for indications that impairment should be considered. Where indicators exist, management then record judgement-based impairment charges which take into account project specific technical issues, customer feedback, opportunity for product substitution and other market factors. Estimation uncertainty relates to assumptions about future results. See development cost policy on page 39 for further details.

Stock Provision
The provision made against Group inventories for obsolete, slow moving or defective stock items is dependent on the future use and value of these items. Many of these items are held for several years to support our customers on the long life-cycle projects, judgement is required to determine the likelihood of future manufacturing use and of future availability of stock items.

Notes to the Financial Statements (continued)

Note 3 SEGMENT REPORTING

The Directors consider that there is only one operating segment being design, manufacture and supply of high-end embedded computer products. The disclosures for this operating segment have already been provided in these financial statements. The Company's products can be supplied to more than one business sector and are sold on a global basis, and the Group does not have specific resources that are allocated to specific business sectors. All manufacturing is undertaken in the UK.

Whilst looking at sales by business sectors the Board of the Company as the Chief Operating Decision Maker does not make decisions regarding allocation of Group resources on such a basis. Further, Group profits are not categorised for internal reporting purposes by sectors or geography. The historical and anticipated performance of the Group is therefore reported to the Board of Concurrent Technologies Plc as a single entity. Thus the Directors consider that there are no additional segments required to be disclosed under IFRS 8 - Operating Segments, but have provided the following geographic sales analysis.

Revenue	**Year to 31 December 2020 £**	**Year to 31 December 2019 £**
United Kingdom	1,909,358	1,638,508
Other Europe	4,100,840	3,383,524
North America	9,481,403	9,511,208
Rest of the World	5,649,693	4,851,484
	21,141,294	19,384,724

During 2020, £2.12m or 10.0% of Group Revenue depended on a single customer. In 2019, £2.28m or 11.7% of Group Revenue depended on a single customer.

Note 4 GROUP OPERATING PROFIT

	Year to 31 December 2020 £	**Year to 31 December 2019 £**
Group operating profit is stated after charging to cost of sales:		
Cost of inventories recognised as expense	8,053,576	8,285,845
Staff costs (see Note 11)	753,018	737,733
Group operating profit is stated after charging to operating expenses:		
Net foreign exchange (gains)/losses	118,413	59,449
Total research and development costs	3,885,484	3,505,499
Capitalisation of research and development costs	(1,879,476)	(2,264,620)
Amortisation of intangible assets	1,793,628	1,788,003
Impairment of intangible assets	888,579	483,630
Depreciation of property, plant and equipment	177,336	215,489
Depreciation of ROU Asset	105,227	100,198
Staff costs (see Note 11)	5,277,298	4,908,411
Group principal auditor's remuneration:		
Audit of financial statements pursuant to legislation	64,000	58,000
Other services relating to taxation and regulatory	19,465	10,025

Note 5 FINANCE INCOME

	Year to 31 December 2020 £	**Year to 31 December 2019 £**
Interest earned on bank deposits	16,480	96,601

Notes to the Financial Statements (continued)

Note 6 OTHER INCOME

	Year to 31 December 2020 £	Year to 31 December 2019 £
Other Income - Insurance receipts	-	1,000,000

Other income relates exclusively to a claim made against a key man insurance policy. The receipt during the 2019 period was a non-recurring item and represented full and final settlement of the claim.

Note 7 Tax

	Year to 31 December 2020 £	Year to 31 December 2019 £
Current UK tax charge/(credit)	(191,958)	49,783
Current overseas tax charge	147,035	13,597
Deferred tax charge (see Note 14)	143,090	(10,523)
	98,167	52,857

The tax assessed on the Group's profit before tax for the year is less than the standard rate of corporation tax in the UK. The effective rate of corporation tax for the year to 31 December 2020 was 19.00% (2019: 19.00%). The lowest rate of corporation tax substantively enacted at the end of the reporting period at which deferred tax liabilities are expected to be realised is 19%. The differences are explained below:

	Year to 31 December 2020 £	Year to 31 December 2019 £
Profit before tax	2,848,077	4,060,856
Corporation tax on profit before tax at standard rate	541,135	771,563
Expenses not deductible for tax purposes	(41,626)	6,264
UK tax credits	(744,328)	(624,209)
Effect of Capitalised R&D	(250,123)	(360,782)
Effect of change in UK tax rate	358,685	309,444
Effect of tax credit on exercise of share options	96,795	-
Difference in overseas effective tax rates	137,629	(49,423)
Tax (credit)/charge	98,167	52,857

Factors that may affect future tax charges are as follows:

The Directors have reviewed the recoverability of ACT and the Group has surplus ACT available for potential relief in future periods under current taxation legislation of £273,075 (2019: £273,075). In accordance with IAS 12 such ACT recoverable has not been recognised in these Financial Statements.

Note 8 DIVIDENDS

	2020 £	2019 £	2020 pence per share	2019 pence per share
Second Interim (for the previous year)	1,054,561	981,698	1.45	1.35
Interim	810,407	763,647	1.10	1.05
	1,864,968	1,745,345	2.55	2.40

Dividends are recognised in the Financial Statements in the period they are declared. On 11 March, the Directors declared a further interim dividend of 1.45 pence per share for the year ended 31 December 2020 (2019: 1.45 pence) at a total cost of £1,063,771 (2019: £1,054,563). The Directors will not recommend a final dividend.

Notes to the Financial Statements (continued)

Note 9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders for the period by the weighted average number of Ordinary Shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all contracted dilutive potential Ordinary Shares. The Company only has one category of dilutive potential Ordinary Share namely the share options.

The inputs to the earnings per share calculation are shown below:

	Year to 31 December 2020 £	Year to 31 December 2019 £
Profit attributable to ordinary equity holders	2,749,910	4,007,999

	Year to 31 December 2020 N°	Year to 31 December 2019 N°
Weighted average number of Ordinary Shares for basic earnings per share	73,253,120	72,724,271
Adjustment for share options	311,651	574,542
Weighted average number of Ordinary Shares for diluted earnings per share	73,564,771	73,298,813

Note 10 DIRECTORS' EMOLUMENTS

	Year to 31 December 2020 £	Year to 31 December 2019 £
Fees and emoluments	657,087	602,921
Gain on exercise of share options	360,125	-
Pension contributions	28,730	15,278
	1,045,942	618,199
The emoluments of Directors disclosed above include in respect of the highest paid Director:		
Fees and emoluments	271,332	277,320
Gain on exercise of share options	308,000	-
Pension contributions	11,324	10,950
The number of Directors to whom retirement benefits are accruing under a defined contribution scheme is:	2	2

Detailed information concerning Directors' emoluments, shareholdings and options is provided in the Report of the Remuneration Committee.

Note 11 STAFF COSTS

	Group Year to 31 December 2020 £	Company Year to 31 December 2020 £	Group Year to 31 December 2019 £	Company Year to 31 December 2019 £
Wages and salaries	5,218,525	4,009,920	4,856,652	3,489,703
Social security costs	488,959	434,493	423,442	369,144
Defined contribution pension costs	315,842	280,449	283,629	236,845
Share-based payment	6,990	5,955	82,421	74,301
	6,030,316	4,730,817	5,646,144	4,169,993
Average number of employees:	N°	N°	N°	N°
Production	26	26	26	26
Other	78	57	83	54
	104	83	109	80

Notes to the Financial Statements (continued)

Note 12 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold Property £	Plant, Fixtures & Computer Equipment £	Total £
COST			
At 1 January 2019	191,092	3,750,025	3,941,117
Foreign exchange movement	(4,417)	(38,112)	(42,529)
Additions	10,532	465,844	476,376
Right of Use Asset	776,532	-	776,532
Disposals	-	-	-
At 31 December 2019	973,739	4,177,757	5,151,496
Foreign exchange movement	(8,603)	(32,094)	(40,697)
Additions	17,256	387,953	405,209
Right of Use Asset	(19,245)	-	(19,245)
Disposals	-	-	-
At 31 December 2020	963,147	4,533,616	5,496,763
ACCUMULATED DEPRECIATION			
At 1 January 2019	174,378	3,061,770	3,236,148
Foreign exchange movement	(4,417)	(34,351)	(38,768)
Charge for the year	106,088	209,599	315,687
Disposals	-	-	-
At 31 December 2019	276,049	3,237,018	3,513,067
Foreign exchange movement	(4,429)	(29,403)	(33,832)
Charge for the year	106,143	176,420	282,563
Disposals	-	-	-
At 31 December 2020	377,763	3,384,035	3,761,798
NET BOOK VALUE			
At 31 December 2019	697,690	940,739	1,638,429
At 31 December 2020	585,384	1,149,581	1,734,965

The net book value of the assets held under lease at 31 December 2020 was £556,864 (2019: £676,335) .

The depreciation charged on right of use assets was £100,227 (2019: £100,198).

Notes to the Financial Statements (continued)

Note 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

	Leasehold Property	Plant, Fixtures & Computer Equipment	Total
	£	£	£
COST			
At 1 January 2019	118,679	3,102,355	3,221,034
Additions	10,532	443,647	454,179
Right of Use Asset	776,532	-	776,532
Disposals	-	-	-
At 31 December 2019	905,743	3,546,002	4,451,745
Additions	16,924	350,119	367,043
Right of Use Asset	(112,296)	-	(112,296)
Disposals	-	-	-
At 31 December 2020	810,371	3,896,121	4,706,492
ACCUMULATED DEPRECIATION			
At 1 January 2019	101,965	2,504,892	2,606,857
Charge for the year	106,088	162,566	268,654
Disposals	-	-	-
At 31 December 2019	208,053	2,667,458	2,875,511
Charge for the year	89,417	133,461	222,878
Disposals	-	-	-
At 31 December 2020	297,470	2,800,919	3,098,389
NET BOOK VALUE			
At 31 December 2019	697,690	878,544	1,576,234
At 31 December 2020	512,901	1,095,202	1,608,103

The net book value of the assets held under lease at 31 December 2020 was £480,477 (2019: £676,335).

The depreciation charged on right of use assets was £83,561 (2019: £100,198).

Notes to the Financial Statements (continued)

Note 13 INTANGIBLE ASSETS

GROUP

	Development Costs £	Other £	Total £
COST			
At 1 January 2019	23,312,528	855,529	24,168,057
Foreign exchange movement	-	(7,814)	(7,814)
Additions	2,264,620	7,434	2,272,054
Disposals	-	-	-
At 31 December 2019	25,577,148	855,149	26,432,297
Foreign exchange movement	-	(6,139)	(6,139)
Additions	1,879,476	17,183	1,896,659
Disposals	-	-	-
At 31 December 2020	27,456,624	866,193	28,322,817
AMORTISATION			
At 1 January 2019	15,326,569	850,729	16,177,298
Foreign exchange movement	-	(7,753)	(7,753)
Charge for the year	1,784,053	3,950	1,788,003
Disposals	-	-	-
Impairment loss	483,630	-	483,630
At 31 December 2019	17,594,252	846,926	18,441,178
Foreign exchange movement	-	(6,149)	(6,149)
Charge for the year	1,786,135	7,493	1,793,628
Disposals	-	-	-
Impairment loss	888,579	-	888,579
At 31 December 2020	20,268,966	848,270	21,117,236
NET BOOK VALUE			
At 31 December 2019	7,982,896	8,223	7,991,119
At 31 December 2020	7,187,658	17,923	7,205,581

Other Intangible Assets comprise software licences.

All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'.

Impairment Loss

At the end of the year the Directors reviewed all of the development projects. Each project is considered to be a separate cash generating unit, and expected future cash flows attributable to these projects, discounted at the applied rate of 5.31%, are evaluated for indications that impairment should be considered. Where indicators exist, management then record judgement-based impairment charges which take into account project specific technical issues, customer feedback, opportunity for product substitution and other market factors.

There were nineteen projects that were fully or partially impaired with a total impairment charge of £888,579. Included within this, one development project has been fully impaired during the year with a charge to the Income statement of £153,558 and eighteen projects or minor investigative programs were fully (13) or partially (5) impaired. The positive Net Present Value of the partially impaired projects at the end of the year was estimated at £313,310.

Notes to the Financial Statements (continued)

Note 13 INTANGIBLE ASSETS (CONTINUED)

COMPANY

	Development Costs £	Other £	Total £
COST			
At 1 January 2019	23,312,528	710,225	24,022,753
Additions	2,264,620	7,226	2,271,846
At 31 December 2019	25,577,148	717,451	26,294,599
Additions	1,879,476	17,183	1,896,659
At 31 December 2020	27,456,624	734,634	28,191,258
AMORTISATION			
At 1 January 2019	15,326,569	708,053	16,034,622
Charge for the year	1,784,053	2,705	1,786,758
Impairment loss	483,630	-	483,630
At 31 December 2019	17,594,252	710,758	18,305,010
Charge for the year	1,786,135	6,477	1,792,612
Impairment loss	888,579	-	888,579
At 31 December 2020	20,268,966	717,235	20,986,201
NET BOOK VALUE			
At 31 December 2019	7,982,896	6,693	7,989,589
At 31 December 2020	7,187,658	17,399	7,205,057

Other Intangible Assets comprise software licences.

All amortisation and impairment charges (or reversals if any) are included within 'Operating Expenses'.

Impairment Loss

At the end of the year the Directors reviewed all of the development projects. Each project is considered to be a separate cash generating unit, and expected future cash flows attributable to these projects, discounted at the applied rate of 5.31%, are evaluated for indications that impairment should be considered. Where indicators exist, management then record judgement-based impairment charges which take into account project specific technical issues, customer feedback, opportunity for product substitution and other market factors.

There were nineteen projects that were fully or partially impaired with a total impairment charge of £888,579. Included within this, one development project has been fully impaired during the year with a charge to the Income statement of £153,558 and eighteen projects or minor investigative programs were fully (13) or partially (5) impaired. The positive Net Present Value of the partially impaired projects at the end of the year was estimated at £313,310.

Notes to the Financial Statements (continued)

Note 14 DEFERRED TAX

	Share-based payments	Accelerated capital allowances	Tax Losses	Other	Total
	£	£	£	£	£
GROUP					
At 1 January 2019	72,406	(1,448,012)	-	47,979	(1,327,627)
Credited/(charged) to statement of comprehensive income	15,636	(5,319)	-	206	10,523
Credited/(charged) to equity	6,667	-	-	-	6,667
At 31 December 2019	94,709	(1,453,331)	-	48,185	(1,310,437)
Credited/(charged) to statement of comprehensive income	1,351	(118,499)	-	(25,942)	(143,090)
Credited/(charged) to equity	16,742	-	-	-	16,472
At 31 December 2020	112,532	(1,571,830)	-	22,243	(1,437,055)

	Share-based payments	Accelerated capital allowances	Tax Losses	Other	Total
COMPANY					
At 1 January 2019	72,406	(1,446,430)	-	-	(1,374,024)
Credited/(charged) to statement of comprehensive income	15,636	(8,420)	-	-	7,216
(Charged) to equity	6,667	-	-	-	6,667
At 31 December 2019	94,709	(1,454,850)	-	-	(1,360,141)
Credited/(charged) to statement of comprehensive income	1,351	(56,892)	-	-	(55,541)
Credited/(charged) to equity	16,472	-	-	-	16,472
At 31 December 2020	112,532	(1,511,742)	-	-	(1,399,210)

Notes to the Financial Statements (continued)

Note 15 INVESTMENTS

COMPANY

	31 December 2020 £	31 December 2019 £
Investment in subsidiary companies:		
Shares at cost	19,705	19,705
Capital contribution	1,361,656	1,361,656
Equity-settled share-based payment	9,155	8,120
Total investment in subsidiary companies	1,390,516	1,389,481

The Group have taken the decision to close the Research and Development facility located in India. The investment in the subsidiary company has not been impaired during 2020 as it is expected that future returns in the form of dividends paid to Group companies will exceed the carrying value of the investment.

Subsidiary undertakings included in these accounts, which are all wholly owned, at 31 December 2020 are:

Name	Place of Incorporation	Class of Share	Percentage Held	Nature of Business
By Company:				
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	99.999 %	R&D Services for Company
Concurrent Technologies Inc	California, USA	Ordinary	100 %	Sale & Service of Company products and R&D Services for Company
By Concurrent Technologies Inc:				
Omnibyte Corporation	Illinois, USA	Ordinary	100 %	Dormant
Concurrent Tech India Private Ltd	Bangalore, India	Ordinary	0.001 %	R&D Services for Company

Note 16 INVENTORIES

	Group 31 December 2020 £	Company 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2019 £
Raw materials	2,709,262	2,709,262	2,292,084	2,292,084
Work in progress	2,426,553	2,426,553	2,610,027	2,610,027
Finished goods	397,759	397,759	195,796	195,796
	5,533,574	5,533,574	5,097,907	5,097,907

During 2020 an increase has been made to the provision for obsolete and slow moving inventories of £393,426 (2019: decreased by £17,556). The fair value of inventories less selling costs is expected to exceed balance sheet value.

In 2020, a total of £9.6m (2019: £9.1m) of inventories was included in the Consolidated Statement of Comprehensive Income as an expense.

Notes to the Financial Statements (continued)

Note 17 TRADE AND OTHER RECEIVABLES

	Group 31 December 2020 £	Company 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2019 £
Trade receivables	1,819,347	1,289,103	2,267,079	1,173,664
Prepayments and accrued income	536,810	447,743	436,881	256,841
Amounts due from subsidiary undertakings	-	661,472	-	1,365,844
	2,356,157	2,398,318	2,703,960	2,796,349

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on historic performance and experience.

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
At 1 January	19,179	210	851	210
Charged/(credited) to statement of comprehensive income	(3,109)	-	18,328	-
At 31 December	16,070	210	19,179	210

In addition, some of the trade receivables are past due as at the reporting date. The age of the trade receivables past due but not impaired is as follows:

	Group 31 December 2020 £	Company 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2019 £
Less than 60 days	252,444	220,968	1,854	1,854
More than 60 days	22,975	15,859	68,043	52,720
	275,419	236,827	69,897	54,574

Note 18 TRADE AND OTHER PAYABLES

Current	Group 31 December 2020 £	Company 31 December 2020 £	Group 31 December 2019 (as restated) £	Company 31 December 2019 (as restated) £
Trade payables	1,975,751	1,684,384	2,335,261	1,939,324
Amounts owed to subsidiary undertakings	-	26,051	-	78,914
Other payables	1,004,779	948,077	863,401	699,473
Current lease liability	117,976	108,195	108,426	108,426
Other taxes and social security costs	120,934	118,197	140,126	126,808
Accruals deferred income	924,082	639,762	679,609	393,222
	4,143,522	3,524,666	4,126,823	3,346,167

Non-current	Group 31 December 2020 £	Company 31 December 2020 £	Group 31 December 2019 (as restated) £	Company 31 December 2019 (as restated) £
Non-current lease liability	704,800	625,944	838,001	838,001
Deferred Tax Liabilities (note 14)	1,571,830	1,511,742	1,453,331	1,454,850
Long term provisions (note 20)	16,162	16,162	16,731	16,731
	2,292,792	2,153,848	2,308,063	2,309,582

The Directors consider that the carrying amount of trade and other payables is approximate to their fair value.

Lease commitments have been reclassified from current to non-current liabilities. The adjustment does not impact shareholder funds or profit previously stated.

Notes to the Financial Statements (continued)

Note 19 **FINANCIAL INSTRUMENTS**

Financial Instruments by category

The carrying amount of financial assets presented in the balance sheets relate to the following measurement categories as defined in IFRS 9:

	Financial Assets measured at amortised cost £	Other £	Total for line item £
GROUP			
2019 Current:			
Trade and other receivables	2,267,079	436,881	2,703,960
Cash and cash equivalents	10,487,902	-	10,487,902
Total for category	12,754,981	436,881	13,191,862
2020 Current:			
Trade and other receivables	1,819,347	536,810	2,356,157
Cash and cash equivalents	11,765,974	-	11,765,974
Total for category	13,585,321	536,810	14,122,131
COMPANY			
2019 Current:			
Trade and other receivables	2,539,508	256,841	2,796,349
Cash and cash equivalents	6,817,338	-	6,817,338
Total for category	9,356,846	256,841	9,613,687
2020 Current:			
Trade and other receivables	1,950,575	447,743	2,398,318
Cash and cash equivalents	9,271,606	-	9,271,606
Total for category	11,222,181	447,743	11,669,924

The carrying amount of financial liabilities presented in the balance sheets relate to the following measurement categories as defined in IFRS 9:

	Financial Liabilities measured at amortised cost £	Other £	Total for line item £
GROUP			
2019 Current:			
Trade and other payables	4,824,698	140,126	4,964,824
2020 Current:			
Trade and other payables	4,727,388	120,934	4,848,322
COMPANY			
2019 Current:			
Trade and other payables	4,057,360	126,808	4,184,168
2020 Current:			
Trade and other payables	4,032,413	118,197	4,150,610

Notes to the Financial Statements (continued)

Note 20 PROVISIONS

GROUP AND COMPANY

	Product Warranty £
Carrying amount at 1 January 2020	33,563
Increase in provisions	11,170
Amount utilised	(12,217)
Carrying amount at 31 December 2020	32,516

Provisions have been analysed between current and non-current as follows:

Current	16,354
Non-current	16,162

Warranties are provided for on the basis of management's best estimate of the Group's liability under 24 month warranties granted on its hardware products, based on past experience.

Note 21 COMMITMENTS

Leases
The Group leases various premises and plant and machinery under lease agreements. The leases have varying terms, escalation clauses and renewal rights. On renewal the terms of the leases are renegotiated. From 1 January 2020 the Group recognised the US Office lease on the balance sheet as a right of use asset and a lease liability, other than the two building leases all other leases are either short-term or low-value leases.

The future minimum lease liabilities as at 31 December 2020 were as follows:

	Group 31 December 2020 £	Company 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2019 £
Opening Balance	946,427	946,427	-	-
Additions	93,053	-	1,04,853	1,054,853
Payments	(104,408)	(99,992)	(108,426)	(108,426)
Adjustments	(112,296)	(112,296)	-	-
	822,776	734,139	946,427	946,427

At 31 December 2020 the Group was committed to short-term leases and the total commitment at that date was £85,370.

The Group has elected not to recognise a lease liability for short-term leases or for leases of low value assets. Payments made on these leases are expensed on a straight line basis and the value of these expenses in the year was £83,794.

Capital commitments

At the end of the year there were capital expenditure commitments of £79,400 (2019: £87,675).

Note 22 SHARE CAPITAL

	31 Dec 2020 £	31 Dec 2019 £	31 Dec 2018 £
Allotted, issued and fully paid share capital:			
Ordinary shares (73,900,012 of 1p each)	739,000	739,000	739,000

At 31 December 2020 the Company held 536,522 Ordinary Shares (2019: 1,171,522) with an aggregate nominal value of £5,365 (2019: £11,715) in Treasury. During the period 950,000 Ordinary Shares were sold to fulfil obligations under the Enterprise Management Incentive Share Option Scheme, a further 315,000 shares were purchased to fulfil future obligations under the same scheme.

	Treasury Shares
Balance as at 1 January 2020	1,171,522
Shares sold	(950,000)
Shares Purchased	315,000
Balance as at 31 December 2020	536,522

Notes to the Financial Statements (continued)

Note 23 **PENSION SCHEME**

The Company operates a Group Personal Pension Scheme, which all permanent employees may join. The Scheme, which is a defined contribution scheme, is independent of the Company's finances. The Company's contributions are based on between 5.5% and 13.5% of members' gross salaries, dependent upon the length of service of the individual. The Company has also chosen NEST (National Employment Savings Trust) as its workplace pension scheme to meet its employer duties under the Auto Enrolment rules. Contributions to the NEST scheme are at the minimum rates. The total charge to operating expenses in the statement of comprehensive income is disclosed in Note 11 Staff Costs. Pension contributions payable to the Schemes at the end of the year were £nil (2019: £nil).

The wholly owned Indian subsidiary has a financial obligation to employees on termination of employment, once the employee has completed five years continuous service or on earlier death in service and is calculated at the rate of 15 days' pay for each completed full 6 months employment, at 31 December 2020 the value of this provision was £54,864 (2019: £90,045). In accordance with IAS 19, the obligation is accounted for as a defined benefit scheme and the retirement and termination provision are based on actuarial valuations. The most recent valuation was carried out as at 31 March 2020. The total expense recognised in the year ended 31 December 2020 was £61,110 (2019: £40,142).The principal assumptions used for the purposes of the actuarial valuations were as follows:
Retirement age of 58
Interest rate of 7.72% p.a.
Salary increase of 12% p.a.
Attrition rate of 5% p.a.
Benefits payable are as defined in the Payment of Gratuity Act 1972
Mortality rate is based on the Indian Assured Lives Mortality (2006-08) Ultimate

Note 24 **FINANCIAL RISK MANAGEMENT**

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 19. The main types of risks are market risk, credit risk and liquidity risk. The Group's policy in respect of financial risk management is referred to in the report on Corporate Governance.

The Group does not actively engage in the trading or holding of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Market Risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk which results from its operating activities.

Foreign currency sensitivity

A number of transactions are conducted by companies in the Group in currencies other than their functional currency which give rise to monetary assets and liabilities denominated in other currencies. The Group's exposure to foreign currency exchange risk is mitigated to a large extent by natural hedging, as assets in currency are matched by liabilities in the same currency. The value of monetary assets and liabilities of the Group and Company not held in functional currencies at the balance sheet date were as follows:

Net foreign currency monetary assets/(liabilities)

	2020 US Dollar	2020 Euro	2019 US Dollar	2019 Euro
	£	£	£	£
Company	(380,407)	227,965	359,498	36,344
Group	(1,041,879)	227,965	(1,006,346)	36,344

	2020 US Dollar	2020 Euro
	£	£
If sterling had strengthened by 5% against both currencies:		
Impact on net Company result for the year	18,115	(10,855)
Impact on net Group result for the year	49,613	(10,855)
If sterling had weakened by 5% against both currencies:		
Impact on net Company result for the year	(20,021)	11,998
Impact on net Group result for the year	(54,836)	11,998

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the exposure to currency risk.

Notes to the Financial Statements (continued)

Note 24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk via from cash and cash equivalents and outstanding receivables.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows;

Group

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	100%	
Gross carrying amount	1,764,773	1,854	36,650	16,070	1,819,347
Lifetime expected credit loss	-	-	-	16,070	16,070

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	100%	
Gross carrying amount	2,212,505	1,854	33,541	19,179	2,267,079
Lifetime expected credit loss	-	-	-	19,179	19,179

Company

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	100%	
Gross carrying amount	1,234,529	1,854	52,510	210	1,289,103
Lifetime expected credit loss	-	-	-	210	210

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	-	-	-	100%	
Gross carrying amount	1,119,090	1,854	52,510	210	1,173,664
Lifetime expected credit loss	-	-	-	210	210

The Group loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	2020	2019
	£	£
Opening loss allowance at 1 January	19,179	851
Loss allowance recognised during the year	(3,109)	18,328
Closing loss allowance at 31 December	16,070	19,179

The credit risk for cash and cash equivalents and fixed term cash deposits is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a week-to-week basis and by monthly forecasting. Long-term liquidity needs for a 12 month lookout period are identified monthly.

The Group's objective is to maintain cash to meet its liquidity requirements for the foreseeable future. This objective was met for the reporting periods. Funding for long-term liquidity needs is assessed by the Board on a regular basis.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables (see Note 17) exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 3 months.

Notes to the Financial Statements (continued)

Note 25 **CAPITAL MANAGEMENT**

The Group's objectives when managing capital are:

(i) to ensure the Group's ability to continue as a going concern
(ii) to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Consolidated Balance Sheet.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, purchase its own shares to hold in treasury, issue new shares or sell assets. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital for the reporting periods under review is summarised as follows:

	Group 2020 £	Group 2019 £
Total Equity	22,556,967	21,884,714
Cash and cash equivalents	(11,765,974)	(10,487,902)
Capital	10,790,993	11,396,812
Total Equity & Overall financing	22,556,967	21,884,714
Capital to Overall financing ratio	0.48	0.52

Note 26 **RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with its subsidiaries during the period:

	Company 2020 £	Company 2019 £
Sales to subsidiaries	9,416,124	7,885,822
Purchases from subsidiaries	1,359,011	1,567,896
Equity-settled share-based payment to employees of subsidiaries	1,035	8,120
Amounts owed by subsidiaries as at 31 December (Note 17)	661,472	1,365,844
Amounts owed to subsidiaries as at 31 December (Note 18)	(26,051)	(78,914)

Related party invoices are payable on standard terms of 30 days. Intra Group balances have no fixed repayment date and are not interest bearing.

Dividends paid to Directors during the year amounted to:	189,517	217,370

<u>Transactions with Key Management Personnel during the period:</u>

Key Management Personnel are the Company's Board. Key Management Personnel remuneration includes the following expenses:

	Group & Company 2020 £	Group & Company 2019 £
Short term employee benefits	678,883	661,725
Post-employment benefits	11,324	15,278
Share-based payment (IFRS 2)	2,589	-
	692,796	677,003

Notes to the Financial Statements (continued)

Note 27 **SHARE-BASED PAYMENT**

The Company operates an Enterprise Management Incentive Share Option Scheme.

The Scheme provides for a grant price equal to the quoted market price of the Company's shares on the date of grant. Options cannot be exercised until three years after grant date and exercise is conditional upon Group average basic earnings per Ordinary Share, for the complete years commencing 1 January of the year of grant and ending with the year most immediately prior to the exercise of the option, having increased by 2.5% or 5% compound over such period. The latest date for exercise of options is ten years after grant date and exercise of options is subject to continued employment with the Group.

	2020 Options N°	2020 Weighted average price pence	2019 Options N°	2019 Weighted average price pence
Outstanding at 1 January	1,757,000	39.38	1,882,000	39.13
Granted	675,000	101.50	-	-
Exercised	(950,000)	39.00	(10,000)	49.50
Forfeited / Lapsed	(230,000)	36.31	(115,000)	35.00
Outstanding at 31 December	1,252,000	63.92	1,757,000	39.67
Weighted average share price at date of exercise		109.27		76.00
Exercisable at 31 December 2020	530,000	41.50	1,480,000	39.90

Options outstanding at 31 December 2020 had exercise prices ranging from 39.0 pence to 101.50 pence and a weighted average remaining contractual life of 6.95 years.

The inputs to the binomial option pricing model for options granted over the period were as follows:

	2020	2019
Weighted average share price (pence)	101.50	-
Weighted average exercise price (pence)	101.50	-
Range of expected volatility (%)	32.15-32.16	-
Expected life (years)	10	-
Range of risk-free rate (%)	0.03	-
Range of expected dividend yield (%)	2.5-2.8	-
Range of expected forfeitures (%)	8-10	-
Range of early exercise factors (multiple)	1.1	-
Weighted average fair value (pence)	14.37	-

The expected volatility is based on historical volatility of the Group's share price over the previous ten years. The risk free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the expected option life. The effect of blackout periods, where shares cannot be traded by employees due to regulatory restrictions, has been factored into the model. The periods are the two months following the Group's year end date of 31 December and interim results date of 30 June each year.