

**Annual Report and  
Financial Statements for the Year Ended 30 December 2019  
for  
Radius Plus Limited**

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**Radius Plus Limited (Registered number: 01147475)**

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for the Year Ended 30 December 2019**

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**Radius Plus Limited (Registered number: 01147475)****Report of the Directors  
for the Year Ended 30 December 2019**

The directors present their report with the financial statements of the Company for the year ended 30 December 2019

**PRINCIPAL ACTIVITY**

The principal activity of the Company is the design and installation of specialised polyethylene products in gas and water applications.

**REVIEW OF BUSINESS**

During the year the Company has continued to develop its offering in the day services sector with focus on a higher margin job profile.

The Subterra division saw a reduction in turnover as global demand fell temporarily for its unique products. The Company continues to invest in distribution channels for Subterra products, which has a global marketplace.

The Company believes the current strategy is the correct one and therefore no material change is anticipated in the foreseeable future.

The Company reported a profit before tax of £0.962m (2018 - £0.882m)

Since the date of the financial statements the Company has been affected by the Coronavirus crisis. As a supplier of key infrastructure services, the Company continued to trade throughout the pandemic. The company worked with customers, suppliers and employees to minimise the impact of the crisis and took advantage of Government support schemes as appropriate.

**KEY PERFORMANCE INDICATORS**

The Board monitors the progress of the Company against its strategic objectives by reference to a number of KPIs. The KPIs that the Board monitors on a monthly basis are turnover and EBITDA as detailed in the table below:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
<b>Turnover</b>	<b>6,953</b>	7,196
Operating profit	<b>964</b>	882
Depreciation	<b><u>281</u></b>	<u>267</u>
<b>EBITDA</b>	<b><u>1,245</u></b>	<u>1,149</u>

**RESEARCH AND DEVELOPMENT**

The Company invests resources in research and development to improve the technical specification, ease of installation and environmental impact of its products. This is a key part of the Company's market proposition.

**FUTURE DEVELOPMENTS**

The Company continues to identify opportunities in wider markets that are suitable for expansion into with its existing technology. No change to the Company's strategy is envisaged in the foreseeable future.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements. Assessment of the risks associated with the spread of Covid19 are presented later in this report

**DIRECTORS**

The directors shown below have held office during the whole of the period from 31 December 2018 to the date of this report.

D Muckle  
A R Taylor  
D Walsh  
M T Stanway

**Radius Plus Limited (Registered number: 01147475)**

**Report of the Directors  
for the Year Ended 30 December 2019**

**DIRECTORS - continued**

Other changes in directors holding office are as follows:

M Gorilovskiy - resigned 29 November 2019

V Buyanovsky - resigned 29 November 2019

**POLITICAL DONATIONS AND EXPENDITURE**

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

**PRINCIPAL RISKS & UNCERTAINTIES**

**Macro-economic Risk & Going Concern**

Since 30 December 2019, the spread of Covid-19 has severely impacted many local economies around the globe. The Company has determined that these events are non-adjusting subsequent events. The directors have considered the actual impact of the Covid-19 outbreak on the Company's trading and cash flow, the ongoing effect of the lockdown restrictions in both the UK and worldwide as well as the potential impact of a second wave of infection. The directors consider the potential impact of Covid-19 to be manageable on the grounds of the Company's performance post year end to date, the nature of the Company's customers and the continued support of the group.

The directors have reviewed the liquidity of the company and its forecasts for a period of twelve months from the date of signing the financial statements, coupled with potential external sources of additional finance and available resources from Group if required and consider that the financial statements are appropriately prepared on the going concern basis.

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

During the year, and at the time of making this report, a qualifying indemnity provision is in place for the benefit of the directors of the Company, covering their corporate liability.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITOR**

The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
D Walsh - Director

Date: 9/10/2020  
.....

**Radius Plus Limited (Registered number: 01147475)**

**Statement of Directors' Responsibilities  
for the Year Ended 30 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 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 IFRSs as adopted by the European Union 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 and the IAS Regulations. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 Company's auditor is aware of that information.

## **Independent Auditor's Report to the Members of Radius Plus Limited**

### **Opinion**

We have audited the financial statements of Radius Plus Limited (the 'company') for the year ended 30 December 2019, which comprise the *Statement of Comprehensive Income*, *Statement of Financial Position*, *Statement of Changes in Equity*, *Statement of Cash Flows* and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent Auditor's Report to the Members of Radius Plus Limited**

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors for the financial statements**

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

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

**Independent Auditor's Report to the Members of  
Radius Plus Limited**

**Auditor 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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

Donna Steel  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
SHEFFIELD

Date: 9/10/2020 .....



**Radius Plus Limited (Registered number: 01147475)****Statement of Comprehensive Income  
for the Year Ended 30 December 2019**

	Notes	<b>2019</b> <b>£'000</b>	2018 £'000
<b>CONTINUING OPERATIONS</b>			
Revenue	2	<b>6,953</b>	7,196
Cost of sales		<b>(4,697)</b>	<b>(5,113)</b>
<b>GROSS PROFIT</b>		<b>2,256</b>	2,083
Other operating income		<b>29</b>	8
Distribution costs		<b>(426)</b>	(432)
Administrative expenses		<b>(895)</b>	<b>(777)</b>
<b>OPERATING PROFIT</b>		<b>964</b>	882
Finance costs	4	<b>(2)</b>	-
<b>PROFIT BEFORE INCOME TAX</b>	5	<b>962</b>	882
Income tax	6	<b>(119)</b>	<b>(167)</b>
<b>PROFIT FOR THE YEAR</b>		<b>843</b>	715
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>843</u></b>	<b><u>715</u></b>

The notes on pages 12 to 33 form part of these financial statements

**Radius Plus Limited (Registered number: 01147475)****Statement of Financial Position  
30 December 2019**


	Notes	2019 £'000	2018 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Owned			
Intangible assets	7	2,583	2,583
Property, plant and equipment	8	659	649
Right-of-use			
Property, plant and equipment	8, 16	100	-
Deferred tax	18	33	23
		<u>3,375</u>	<u>3,255</u>
<b>CURRENT ASSETS</b>			
Inventories	9	930	699
Trade and other receivables	10	1,996	1,984
Tax receivable		29	-
Cash and cash equivalents	11	190	186
		<u>3,145</u>	<u>2,869</u>
<b>TOTAL ASSETS</b>		<u><b>6,520</b></u>	<u><b>6,124</b></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	-	-
Retained earnings	13	5,279	4,436
<b>TOTAL EQUITY</b>		<u><b>5,279</b></u>	<u><b>4,436</b></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - loans			
Loans and borrowings	15	62	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	1,046	1,511
Financial liabilities - loans			
Loans and borrowings	15	40	-
Tax payable		93	177
		<u>1,179</u>	<u>1,688</u>
<b>TOTAL LIABILITIES</b>		<u><b>1,241</b></u>	<u><b>1,688</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>6,520</b></u>	<u><b>6,124</b></u>

The notes on pages 12 to 33 form part of these financial statements

**Radius Plus Limited (Registered number: 01147475)**

**Statement of Financial Position - continued**  
**30 December 2019**

The financial statements were approved by the Board of Directors and authorised for issue  
on ..... and were signed on its behalf by:  
9/10/2020



.....  
D Walsh - Director

The notes on pages 12 to 33 form part of these financial statements

**Radius Plus Limited (Registered number: 01147475)**

**Statement of Changes in Equity  
for the Year Ended 30 December 2019**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 31 December 2017</b>	-	3,721	3,721
<b>Changes in equity</b>			
Total comprehensive income	-	715	715
<b>Balance at 30 December 2018</b>	-	4,436	4,436
<b>Changes in equity</b>			
Total comprehensive income	-	843	843
<b>Balance at 30 December 2019</b>	-	5,279	5,279

The notes on pages 12 to 33 form part of these financial statements

**Radius Plus Limited (Registered number: 01147475)****Statement of Cash Flows  
for the Year Ended 30 December 2019**

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	24	591	261
Lease interest paid		(2)	-
Tax paid		<u>(296)</u>	<u>-</u>
Net cash from operating activities		<u>293</u>	<u>261</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(232)	(171)
Sale of property, plant & equipment		<u>-</u>	<u>1</u>
Net cash from investing activities		<u>(232)</u>	<u>(170)</u>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		<u>(57)</u>	<u>-</u>
Net cash from financing activities		<u>(57)</u>	<u>-</u>
		<u>-</u>	<u>-</u>
<b>Increase in cash and cash equivalents</b>		<b>4</b>	<b>91</b>
<b>Cash and cash equivalents at beginning of year</b>	25	<b>186</b>	<b>95</b>
		<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of year</b>	25	<u><b>190</b></u>	<u><b>186</b></u>

The notes on pages 12 to 33 form part of these financial statements

**Radius Plus Limited (Registered number: 01147475)**

**Notes to the Financial Statements  
for the Year Ended 30 December 2019**

**1. ACCOUNTING POLICIES**

**General information**

Radius Plus Limited is a private limited company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is:

Radius House  
Berristow Lane  
South Normanton  
Alfreton  
Derbyshire  
DE55 2JJ

**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC interpretations, SIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention.

The financial statements are rounded to the nearest one thousand pounds (GBP).

**Going concern**

The financial statements have been prepared on a going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessment in determining that this is the appropriate basis of preparation of the financial statements and have considered several factors.

The directors have considered the actual impact of the Covid-19 outbreak on the Company's trading and cash flow, the ongoing effect of the lockdown restrictions in both the UK and worldwide as well as the potential impact of a second wave of infection. The directors consider the potential impact of Covid-19 to be manageable on the grounds of the Company's performance post year end to date, the nature of the Company's customers and the continued support of the group.

A key driver of demand for the Company's products is the UK utility infrastructure maintenance and replacement programmes. The critical nature of these programmes means that a reasonable level of demand continued throughout the lockdown period. The cost base of the Company can be flexed in the event of a reduction in sales, with much of the costs being raw materials, power and staff costs. Non-operational staff can work from home with minimal impact, enabling the business to continue to function with limited disruption.

The Company has the continued support of the parent entity, Radius Systems Holdings Limited. The group has adequate resources to support the Company over the next 12 months.

**Application of new and revised International Financial Reporting Standards**

The following amended standards became effective from 1 January 2019 and have been early adopted by the Company from 31 December 2018.

- IFRS 16 - Leases (effective date 1 January 2019)
- IFRIC Interpretations 23 - Uncertainty over Income Tax Treatments (effective date 1 January 2019)
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation (effective date 1 January 2019)

**Changes in accounting policies**

**IFRS 16 'Leases'**

IFRS 16 has replaced IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 has been early adopted by the company from 31 December 2018.

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****1. ACCOUNTING POLICIES - continued**

The Company has taken the practical expedient not to reassess whether a contract is, or contains, a lease under IFRS 16 at the date of initial application and, instead, apply IFRS 16 to contracts that were previously identified as leases under IAS 17. The Company will apply IFRS 16 fully to new or modified contracts. As some leases will be modified or renewed in 2019, the Group will reassess these leases and they will be recognised on the statement of financial position as a right-of-use asset and corresponding lease liability.

The Company has adopted IFRS 16 on 31 December 2018 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 31 December 2018:

	<b>Carrying Amount at 30 Dec 2018 £'000</b>	<b>Remeasure ment £'000</b>	<b>IFRS 16 carrying amount at 31 Dec 2018 £'000</b>
Property, plant and equipment	1,753	159	1,912
Lease liabilities	<u>-</u>	<u>(159)</u>	<u>(159)</u>
Total	<u><b>1,753</b></u>	<u><b>-</b></u>	<u><b>1,753</b></u>

The following is a reconciliation of total operating lease commitments at 30 December 2018 (as disclosed in the financial statements to 30 December 2018) to the lease liabilities recognised at 31 December 2018:

<b>Total operating lease commitments at 30 December 2018</b>	<b>169</b>
Discounted using incremental borrowing rate	<u>(10)</u>
<b>Total lease liabilities recognised under IFRS 16 at 31 December 2018</b>	<u><b>159</b></u>

**Revenue recognition**

Revenue arises from the sale of the Company's products and service contracts for installations.

In accordance with IFRS 15, to determine whether to recognise revenue, the Company follows a 5-step process:

1. Identify the contract with a customer
2. Identify the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, as the Company satisfies performance obligations which is deemed to be as customers agree services have been completed.

**Radius Plus Limited (Registered number: 01147475)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019**

**1. ACCOUNTING POLICIES - continued**

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable, depending on whether something other than the passage of time is required before consideration is due.

**Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

**Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the 'Statement of Comprehensive Income' so as to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life as follows:

Plant and equipment	3 to 12 years
Right of use assets	3 to 11 years

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

Assets under construction are carried at cost. When they are ready for their intended use they are transferred to the relevant category and depreciated accordingly.

**Financial assets**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

Subsequent measures of financial assets depend on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income**

Assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit and loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. The entity does not hold any such financial assets.



**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****1. ACCOUNTING POLICIES - continued****Fair value through profit and loss**

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured through profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit and loss and is not part of a hedging relationship is recognised in profit and loss and presented net in the profit and loss statement within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

**Equity instruments**

The Company measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit and loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payment is established.

Changes in fair value of financial assets at fair value through profit and loss are recognised in other gains/(losses) in the statement of profit and loss as applicable.

**Impairment**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**Financial liabilities**

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities are subsequently recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the profit or loss.

Finance charges are charged to the profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

**Inventories**

Inventories and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Cost is calculated using the standard cost method.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**Taxation**

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the date of the statement of financial position, together with any adjustments to tax payable in respect of previous years.

**Radius Plus Limited (Registered number: 01147475)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019**

**1. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Research and development**

Expenditure on research is recognised in the the profit or loss as an expense as incurred.

Expenditure on development activities is capitalised if the product is technically and commercially feasible, the Company intends to complete development, future economic benefits are probable and the attributable expenditure can be reliably measured. If the expenditure does not meet these criteria it is expensed as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

**Foreign currencies**

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements transactions in currencies other than the entity's functional currency are recognised at the rates prevailing on the dates of the transactions. At each date of the statement of financial position, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

**Leases**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is measured at amortised cost using the effect interest rate method. It is remeasured where there is a change in future lease payments arising from a change in an index or rate or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****1. ACCOUNTING POLICIES - continued****Short term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Under IAS 17**

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

**Employee benefit costs**

The Company participates in several defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the statement of comprehensive income represents the contributions payable to the schemes in respect of the accounting period.

**Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

**Radius Plus Limited (Registered number: 01147475)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019**

**1. ACCOUNTING POLICIES - continued**

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations 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.

Key areas of judgement, and estimation certainty, are set out below:

Goodwill

The Company has tested goodwill for impairment which requires judgement when determining the recoverable amount. Further details of the impairment testing and the key assumptions are included in note 6.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying value of the goodwill at the report date was £2,583,000.

Property, plant and equipment & estimation of useful life

Property, plant and equipment represents a significant proportion of the asset base of the Company's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the statement of income and retained earnings.

The useful lives of the Company's assets are determined at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

Expected credit loss

Management closely review the outstanding receivables and consider expected credit loss. This considers factors such as payment history and ageing as well as forward looking factors such as economic conditions and expected customer performance.

Stock provision

Management closely review stock levels at the date of the statement of financial position for specific and general obsolete provision. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****2. REVENUE****Segmental reporting**

An analysis of the Company's revenue by destination is as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Sale of services	<b>6,185</b>	5,775
- UK	<b>654</b>	1,334
- Europe	<b>114</b>	87
- Rest of World	<u>114</u>	<u>87</u>
Revenue	<u><b>6,953</b></u>	<u>7,196</u>

An analysis of the Company's revenue by stream:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Project sales	<b>1,200</b>	1,158
Day sales	<u><b>5,753</b></u>	<u>6,038</u>
Revenue	<u><b>6,953</b></u>	<u>7,196</u>

Contracts with customers are typically for the installation and maintenance of piping systems. Revenue is recognised at a point in time upon completion of performance obligations. There is no significant judgement in this as customers agree the services have been completed and in the case of large contracts this involves a formal certification.

Services are sold at quoted transaction prices, there are no discounts or variable considerations. Payment is typically due 30-60 days after invoicing except on occasional contracts where 5% retention is held for 12 months. Contracts do not contain significant financing elements.

Judgement is exercised by management in the provision of accruals to ensure that profit is not recognised on a contract until it is reasonably certain.

Year end balances in respect of contracts	<b>2019</b>	2018
	<b>£'000</b>	£'000
Trade receivables	<b>37</b>	458
Accrued income	<u><b>60</b></u>	<u>41</u>

There was no revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period. There was no revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods.

**3. EMPLOYEES AND DIRECTORS**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Wages and salaries	<b>1,597</b>	1,407
Social security costs	<b>159</b>	143
Other pension costs	<u><b>142</b></u>	<u>109</u>
	<u><b>1,898</b></u>	<u>1,659</u>

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****3. EMPLOYEES AND DIRECTORS - continued**

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

	2019	2018
Production	40	33
Selling and distribution	8	7
Administration	4	3
	<u>52</u>	<u>43</u>

The compensation of key management personnel, including the directors, was borne by Radius Systems Limited.

**4. NET FINANCE COSTS**

	2019 £'000	2018 £'000
Finance costs:		
Leasing	<u>2</u>	<u>-</u>

**5. PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging:

	2019 £'000	2018 £'000
Cost of inventories recognised as expense	2,520	3,163
Other operating leases	65	59
Depreciation - owned assets	222	267
Depreciation – right to use assets	59	-
Fees payable to the Company's auditor for audit of the Company's financial statements	10	10
Research and development expenditure	461	364
Employee costs (note 3)	<u>1,898</u>	<u>1,659</u>

**6. INCOME TAX****Analysis of tax expense**

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax	183	183
Adjustment in respect of previous periods	<u>(54)</u>	<u>-</u>
Total current tax	129	183
Deferred tax:		
Origination and reversal of timing differences	<u>(10)</u>	<u>(16)</u>
Total tax expense in statement of comprehensive income	<u>119</u>	<u>167</u>

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****6. INCOME TAX - continued****Factors affecting the tax expense**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Profit before income tax	<u><b>962</b></u>	<u>882</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>183</b>	168
Effects of:		
Current/ deferred tax rate differences	<b>(8)</b>	2
Transfer pricing adjustments	<b>(2)</b>	(2)
Non taxable income	-	(1)
Adjustments in respect of previous periods	<u><b>(54)</b></u>	<u>-</u>
Tax expense	<u><b>119</b></u>	<u>167</u>

The current tax charge provision is based on the tax charge as calculated at the date of approval of the financial statements.

In November 2019 it was announced that the main rate of UK corporation tax was not to be reduced to 17% by 2020 and was to remain at 19%.

**7. INTANGIBLE ASSETS**

	<b>Goodwill</b>
	<b>£'000</b>
<b>COST</b>	
At 31 December 2018 and 30 December 2019	<u><b>3,283</b></u>
<b>AMORTISATION</b>	
At 31 December 2018 and 30 December 2019	<u><b>700</b></u>
<b>NET BOOK VALUE</b>	
At 30 December 2019	<u><b>2,583</b></u>
	<b>Goodwill</b>
	<b>£'000</b>
<b>COST</b>	
At 31 December 2017 and 30 December 2018	<u><b>3,283</b></u>
<b>AMORTISATION</b>	
At 31 December 2017 and 30 December 2018	<u><b>700</b></u>
<b>NET BOOK VALUE</b>	
At 30 December 2018	<u><b>2,583</b></u>

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****7. INTANGIBLE ASSETS - continued**

The goodwill relates to the purchase of part of the trade, certain assets and liabilities from Radius Systems Limited on 1 July 2011.

Impairment tests for goodwill have been performed and the recoverable amount has been calculated with reference to its value in use. The key assumptions are:

- Turnover growth rate - 3% (2018: 3%)
- Assumed inflation in costs - 2.5% (2018: 2.5%)
- Discount rate - 5.75% (2018: 5.75%)
- Perpetuity growth rate - 1% (2018: 1%)

A number of key assumptions are used as part of impairment testing. These key assumptions are made by management reflecting past experience combined with their knowledge as to future performance and relevant external sources of information. In determining the recoverable amount of each segment the key assumptions are discount rate, long term growth rate, future sales prices and volumes, new business won and the cost structure of each business.

Sensitivity analysis at 30 December 2019 has indicated that no reasonably foreseeable change in the key assumptions used in the impairment model will result in a significant impairment charge being recorded in the financial statements.

**8. PROPERTY, PLANT AND EQUIPMENT**

	Short leasehold £'000	Assets in the course of construction £'000	Plant and equipment £'000	Totals £'000
<b>COST</b>				
At 31 December 2018	-	6	1,747	1,753
Adjustment on transition to IFRS 16	159	-	-	159
Additions	-	232	-	232
Transfer into use	-	(143)	143	-
At 30 December 2019	159	95	1,890	2,144
<b>DEPRECIATION</b>				
At 31 December 2018	-	-	1,104	1,104
Charge for year	59	-	222	281
At 30 December 2019	59	-	1,326	1,385
<b>NET BOOK VALUE</b>				
At 30 December 2019	100	95	564	759



**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****8. PROPERTY, PLANT AND EQUIPMENT - continued**

	Assets in the course of construction £'000	Plant and equipment £'000	Totals £'000
<b>COST</b>			
At 31 December 2017	95	1,490	1,585
Additions	171	-	171
Disposals	-	(3)	(3)
Transfer into use	<u>(260)</u>	<u>260</u>	<u>-</u>
At 30 December 2018	<u>6</u>	<u>1,747</u>	<u>1,753</u>
<b>DEPRECIATION</b>			
At 31 December 2017	-	840	840
Charge for year	-	267	267
Eliminated on disposal	<u>-</u>	<u>(3)</u>	<u>(3)</u>
At 30 December 2018	<u>-</u>	<u>1,104</u>	<u>1,104</u>
<b>NET BOOK VALUE</b>			
At 30 December 2018	<u>6</u>	<u>643</u>	<u>649</u>

**9. INVENTORIES**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Raw materials	<b>218</b>	218
Work-in-progress	<b>2</b>	31
Finished goods	<u><b>710</b></u>	<u>450</u>
	<u><b>930</b></u>	<u>699</u>

Cost of sales includes the cost of inventories recognised as an expense during the year in respect of continuing operations of £2,520,800 (2018 - £3,163,000) and carriage of £nil (2018 - nil).

The movement in the allowance of write downs in respect of inventory to net realisable value during the year was as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Balance brought forward	77	117
Write down increased	<b>10</b>	-
Write down reversal	<u>(2)</u>	<u>(40)</u>
Balance carried forward	<u><b>85</b></u>	<u>77</u>

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****10. TRADE AND OTHER RECEIVABLES**

	2019 £'000	2018 £'000
Current:		
Trade receivables	1,034	1,213
Amounts owed by immediate parent	884	717
Other receivables	18	13
Accrued income	<u>60</u>	<u>41</u>
	<u><u>1,996</u></u>	<u><u>1,984</u></u>

All amounts are short-term. The net carrying value of the trade receivables is considered a reasonable approximation of fair value.

The ageing of trade receivables at the date of the statement of financial position was:

	2019 £'000	2018 £'000
Gross:		
Not past due	548	247
Past due (0-30 days)	236	215
Past due (31-120 days)	320	651
Past due (more than 120 days)	<u>(41)</u>	<u>159</u>
	1,063	1,272
Allowance for credit loss:		
Past due (more than 120 days)	<u>(29)</u>	<u>(59)</u>
	<u><u>1,034</u></u>	<u><u>1,213</u></u>

The movement in the allowance for expected credit loss in respect of trade receivables during the year was as follows:

	2019 £'000	2018 £'000
Balance brought forward	59	63
New provision	6	11
Release as paid	<u>(36)</u>	<u>(15)</u>
Balance carried forward	<u><u>29</u></u>	<u><u>59</u></u>

Note 15 includes disclosures relating to credit risk.

**11. CASH AND CASH EQUIVALENTS**

	2019 £'000	2018 £'000
Bank accounts	<u><u>190</u></u>	<u><u>186</u></u>

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****12. SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	<b>2019</b> <b>£</b>	2018 <b>£</b>
Number:	Class:			
100	Ordinary	£1	<u><b>100</b></u>	<u>100</u>

**13. RESERVES**

	<b>Retained earnings £'000</b>
At 31 December 2018	<b>4,436</b>
Profit for the year	<u><b>843</b></u>
At 30 December 2019	<u><b>5,279</b></u>
	<b>Retained earnings £'000</b>
At 31 December 2017	3,721
Profit for the year	<u>715</u>
At 30 December 2018	<u><b>4,436</b></u>

**14. TRADE AND OTHER PAYABLES**

	<b>2019</b> <b>£'000</b>	2018 <b>£'000</b>
Current:		
Trade payables	<b>596</b>	502
Amounts owed to group undertakings	<b>296</b>	144
Taxation and social security	<b>112</b>	752
Accruals and deferred income	<u><b>42</b></u>	<u>113</u>
	<u><b>1,046</b></u>	<u><b>1,511</b></u>

The carrying amount of trade and other payables approximates to their fair values. All amounts are short term.

**15. FINANCIAL LIABILITIES - LOANS**

	<b>2019</b> <b>£'000</b>	2018 <b>£'000</b>
Current:		
Leases (see note 16)	<u><b>40</b></u>	<u>-</u>
Non-current:		
Leases (see note 16)	<u><b>62</b></u>	<u>-</u>
	<u><b>62</b></u>	<u>-</u>

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****15. FINANCIAL LIABILITIES - LOANS - continued**

Terms and debt repayment schedule

	<b>1 year or less £'000</b>	<b>1-2 years £'000</b>	<b>2-5 years £'000</b>	<b>Totals £'000</b>
Leases	<u>40</u>	<u>30</u>	<u>32</u>	<u>102</u>
	<u>40</u>	<u>30</u>	<u>32</u>	<u>102</u>

**16. LEASING****Right-of-use assets****Property, plant and equipment**

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>COST</b>		
At 31 December 2018	<u>159</u>	<u>-</u>
<b>DEPRECIATION</b>		
Charge for year	<u>59</u>	<u>-</u>
<b>NET BOOK VALUE</b>	<u>100</u>	<u>-</u>

On transition to IFRS 16, the Company recognised £159,000 of right of use assets and £159,000 of lease liabilities resulting in no difference to recognise in retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 31 December 2018.

**Radius Plus Limited (Registered number: 01147475)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019**

**16. LEASING - continued**

**Lease liabilities**

Minimum lease payments fall due as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Gross obligations repayable:		
Within one year	<b>42</b>	-
Between one and five years	<b>68</b>	-
	<u>110</u>	<u>-</u>
Finance charges repayable:		
Within one year	<b>2</b>	-
Between one and five years	<b>6</b>	-
	<u>8</u>	<u>-</u>
Net obligations repayable:		
Within one year	<b>40</b>	-
Between one and five years	<b>62</b>	-
	<u><u>102</u></u>	<u><u>-</u></u>

**Radius Plus Limited (Registered number: 01147475)**

**Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019**

**17. FINANCIAL INSTRUMENTS**

**Capital management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy has remained unchanged from 2018.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The Company is not subject to any externally imposed capital requirements.

**Fair values of financial instruments**

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the date of the statement of financial position if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated at the present value of future cash flows, discounted at the market rate of interest at the date of the statement of financial position if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated at its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the date of the statement of financial position.

Loans and borrowings

The fair value of loans and borrowings is estimated at its carrying amount where the loans and borrowings are repayable on demand. Where they are not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the date of the statement of financial position.

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****17. FINANCIAL INSTRUMENTS - continued****Market risk - Foreign currency risk**

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments.

**30 December 2019**

	<b>USD</b>	<b>Sterling</b>	<b>Euro</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	-	1,034	-	1,034
Related party receivables	-	884	-	884
Cash and cash equivalents	-	190	-	190
Trade payables	-	(597)	-	(597)
Related party payables	-	(296)	-	(296)
	<u>-</u>	<u>1,215</u>	<u>-</u>	<u>1,215</u>

**30 December 2018**

	<b>USD</b>	<b>Sterling</b>	<b>Euro</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade receivables	-	1,213	-	1,213
Related party receivables	-	717	-	717
Cash and cash equivalents	-	186	-	186
Trade payables	(9)	(492)	(1)	(502)
Related party payables	-	(144)	-	(144)
	<u>(9)</u>	<u>1,480</u>	<u>(1)</u>	<u>1,470</u>

**Sensitivity analysis**

The sensitivity analysis below has been based on a 1% movement of the exchange rate as this represents management's assessment of a reasonable change.

An increase of 1% (2018: 1%) in Euro to Sterling exchange rate at the end of the current year would have decreased (2018: decreased) equity profit for the year by £nil (2018: £nil). This calculation assumes that the change occurred at the date of the statement of financial position and had been applied to risk exposures existing at that date.

The Board has delegated authority to the finance function at the immediate parent group level to manage short-term currency exposures through the use of forward exchange contracts. There are no forward exchange contracts in place at the year end.

**Market risk - Interest rate risk**

The Company had no interest-bearing financial instruments during either period. As such it is not exposed to interest rate risk so no sensitivity analysis has been performed.

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****17. FINANCIAL INSTRUMENTS - continued****Credit risk**

The Company's credit risk is primarily attributable to its trade receivables. The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. At 31 December 2019 0% (2018: 11.3%) of trade debtors were over 120 days overdue.

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on days past due.

The expected loss rates are based on payment profile for sales over the past two years, adjusted to reflect current and forward looking factors affecting customers' ability to pay. Trade receivables are written off when there is no reasonable expectation of recovery.

The application of IFRS 9 did not result in a significant restatement to the opening provision.

**Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities with continuous monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. At 31 December 2019, the immediate parent group had available £12.4m (2018 - £7.9m) of undrawn committed borrowing facilities. The immediate parent group has also agreed a mortgage backed revolving credit facility of £4.25m which was fully drawn at the year end (2018: undrawn).

The following table analyses the Company's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual non-discounted cash flows.

At 30 December 2019	Total £'000	Less than 3 mths £'000	Between 3 mths and 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade & other receivables	1,996	1,996	-	-	-	-
Trade & other payables	(893)	(893)	-	-	-	-
	<u>1,103</u>	<u>1,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 30 December 2018	Total £'000	Less than 3 mths £'000	Between 3 mths and 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade & other receivables	1,984	1,984	-	-	-	-
Trade & other payables	(646)	(646)	-	-	-	-
	<u>1,338</u>	<u>1,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****18. DEFERRED TAX**

The following are the major deferred tax (assets)/liabilities recognised by the Company and movements thereon during the current reporting period.

	<b>2019</b> <b>£'000</b>	2018 £'000
Balance at 31 December	<b>(23)</b>	(8)
Credit to the profit or loss	<u><b>(10)</b></u>	<u>(15)</u>
Balance at 30 December	<u><b>(33)</b></u>	<u>(23)</u>

	<b>2019</b> <b>£'000</b>	2018 £'000
Depreciation in excess of capital allowances	<u><b>(33)</b></u>	<u>(23)</u>
	<u><b>(33)</b></u>	<u>(23)</u>

The deferred tax debit/(credit) to the statement of comprehensive income is broken down as follows:

	<b>2019</b> <b>£'000</b>	2018 £'000
Origination and reversal of timing difference current year:		
Fixed asset temporary differences	<u><b>(33)</b></u>	<u>(23)</u>
	<u><b>(33)</b></u>	<u>(23)</u>

**19. PENSION COMMITMENTS**

The Company participates in several defined contribution pension schemes.

The pension charge for the year represents contributions payable by the Company to the schemes and amounted to £144,000 (2018 - £109,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**20. CAPITAL COMMITMENTS**

	<b>2019</b> <b>£'000</b>	2018 £'000
Contracted but not provided for in the financial statements	<u><b>-</b></u>	<u>43</u>

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****21. RELATED PARTY DISCLOSURES**

Transactions with members of the group were as follows:

**Sales to related parties:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Group undertakings	<b>268</b>	1,040
Immediate parent company	<b><u>(8)</u></b>	<u>90</u>

**Costs of sales incurred from related parties:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Immediate parent company	<b><u>626</u></b>	<u>504</u>

**At the date of the statement of financial position the Company (owed)/was owed:**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Group undertakings	<b>(144)</b>	(144)
Immediate parent company	<b>732</b>	717
Fellow subsidiary	<b><u>-</u></b>	<u>-</u>

**22. EVENTS AFTER THE REPORTING PERIOD**

Since 30 December 2019, the spread of Covid-19 has severely impacted many local economies around the globe. These events are non-adjusting subsequent events.

The impact of Covid-19 is continuing to evolve, and therefore it is not practicable to quantify the potential impact on the Company at the time of writing. Its effects and principal risks posed to the financial statements are described in the *Directors' report*.

Whilst there is still a significant degree of uncertainty, we expect the impact of the temporary lockdown to be manageable and the Company is well placed to deal with the associated challenges.

**23. ULTIMATE CONTROLLING PARTY**

Radius Systems Limited is the immediate parent undertaking at both the date of the statement of financial position and date of approval of the financial statements.

The ultimate parent undertaking and controlling party is Radius Systems Holdings Limited.

Radius Systems Holdings Limited, the immediate parent undertaking of Radius Systems Limited, is the only group company to consolidate these financial statements a copy of which is available at:

Radius Systems Holdings Limited  
Agiou Prokopiou 13  
Egkomi  
PC 2406  
Nicosia  
Cyprus

**Radius Plus Limited (Registered number: 01147475)****Notes to the Financial Statements - continued  
for the Year Ended 30 December 2019****24. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Profit before income tax	<b>962</b>	882
Depreciation charges	<b>281</b>	267
Profit on disposal of fixed assets	-	(1)
Income from R&D Expenditure Credit	-	(6)
Tax movements non cash	<b>54</b>	-
Finance costs	<b>2</b>	-
	<b>1,299</b>	1,142
Increase in inventories	<b>(231)</b>	(251)
Increase in trade and other receivables	<b>(12)</b>	(527)
Decrease in trade and other payables	<b>(465)</b>	(103)
<b>Cash generated from operations</b>	<b><u>591</u></b>	<b><u>261</u></b>

**25. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 30 December 2019**

	<b>30.12.19</b>	<b>31.12.18</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	<b><u>190</u></b>	<b><u>186</u></b>

**Year ended 30 December 2018**

	<b>30.12.18</b>	<b>31.12.17</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	<b><u>186</u></b>	<b><u>95</u></b>

**26. RECONCILIATION OF NET DEBT**

	<b>At 31.12.18</b>	<b>IFRS 16 Inception</b>	<b>IFRS 16 Cash Repayments</b>	<b>At 30.12.19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Lease Liabilities	-	159	(57)	102
	<b><u>-</u></b>	<b><u>159</u></b>	<b><u>(57)</u></b>	<b><u>102</u></b>