

CENTUM ELECTRONICS (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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CENTUM ELECTRONICS (UK) LIMITED

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CENTUM ELECTRONICS (UK) LIMITED

COMPANY INFORMATION

Directors	Apparao V Mallavarapu Thiruvengadam Parthasarathi
Registered number	10186046
Registered office	16 Great Queen Street Covent Garden London WC2B 5AH
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

CENTUM ELECTRONICS (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The directors presents their strategic report of the company for the year ended 31 March 2021. The principal activity of the company during the year was that of a holding company.

Business review and key financial performance indicators

The company was incorporated on 18 May 2016 to act as an investment holding company. After incorporation the company acquired a majority stake in the Centum Adetel Group SA, a group based in France, with put and call option arrangements in place to acquire further share capital in the group. The Adetel Group SA engages in the design, industrialisation, and manufacture of electronics and software systems in harsh environments. The acquisition was financed by the issue of equity share capital, as set out in note 11 to the financial statements. During the year Centum Adetel Group SA has made a loss of €853,744 (2020: loss of €744,357). During the year ended 31 March 2021 exceptional costs of €720,167 were incurred (2020: €1,488,792).

The balance sheet of the company comprises the fixed asset investment in the Centum Adetel Group SA, together with a loan facility and other creditors. The company purchased further shares in the Centum Adetel Group during the year, at a cost of €1,559,028, as set out in note 8 to the financial statements. The company has made a loss of €223 during the year (2020: profit of €5,809). This is a result of management expenses incurred in the current and prior year being reimbursed by the parent company.

The performance of the company is in line with the directors' expectation. The directors anticipate that the company will continue to act as an investment holding company for the foreseeable future.

The directors consider the key financial performance indicators to comprise the net asset position of the company, together with the underlying performance of the investment. The directors consider the principal risks to relate to the underlying performance of the investment and whether any impairment issues arise. The functional currency is the Euro, to reflect the underlying operational currency of the investment.

This report was approved by the board and signed on its behalf.



Apparao V Mallavarapu
Director

Date: 1st June, 2021

CENTUM ELECTRONICS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Results and dividends

The loss for the year, after taxation, amounted to €223 (2020 - profit €5,809).

The directors do not recommend a dividend.

Directors

The directors who served during the year were:

Apparao V Mallavarapu
Thiruvengadam Parthasarathi (appointed 26 March 2021)

Matters covered in the strategic report

As permitted by Section 414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this director's report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.


Apparao V Mallavarapu
Director

Date: 1st June, 2021

CENTUM ELECTRONICS (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CENTUM ELECTRONICS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTUM ELECTRONICS (UK) LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Centum Electronics (UK) Limited (the 'company') for the year ended 31 March 2021, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

CENTUM ELECTRONICS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTUM ELECTRONICS (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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.

Opinion 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 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 by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

CENTUM ELECTRONICS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTUM ELECTRONICS (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the investment property sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors.

CENTUM ELECTRONICS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTUM ELECTRONICS (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.



Simon Mayston (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 08/06/2021

CENTUM ELECTRONICS (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 €	2020 €
Turnover	4	12,055	24,109
Administrative expenses		(12,278)	(18,300)
Operating (loss)/profit	5	(223)	5,809
(Loss)/profit before taxation		(223)	5,809
Taxation on (loss)/profit	7	-	-
(Loss)/profit for the financial year		(223)	5,809

There are no items of other comprehensive income for either the year or the prior year other than the (loss)/profit for the year. Accordingly, no statement of other comprehensive income has been presented.

CENTUM ELECTRONICS (UK) LIMITED**BALANCE SHEET
AS AT 31 MARCH 2021**

	Note	2021 €	2020 €
Fixed assets			
Fixed asset investments		12,102,832	12,461,676
Current assets			
Debtors: amounts falling due within one year	9	362,110	362,055
Cash at bank and in hand		3,697	1,073
		<u>365,807</u>	<u>363,128</u>
Creditors: amounts falling due within one year	10	(4,651,633)	(6,572,575)
Net current liabilities		<u>(4,285,826)</u>	<u>(6,209,447)</u>
Net assets		<u>7,817,006</u>	<u>6,252,229</u>
Capital and reserves			
Called up share capital	11	7,865,000	6,300,000
Profit and loss account	12	(47,994)	(47,771)
Total equity		<u>7,817,006</u>	<u>6,252,229</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Apparao V Mallavarapu
 Director

Date: 1st June, 2021

CENTUM ELECTRONICS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital €	Profit and loss account €	Total equity €
At 1 April 2019	6,300,000	(53,580)	6,246,420
Comprehensive income for the year			
Profit for the financial year	-	5,809	5,809
Total comprehensive income for the year	-	5,809	5,809
At 31 March 2020 and 1 April 2020	6,300,000	(47,771)	6,252,229
Comprehensive income for the year			
Loss for the year	-	(223)	(223)
Total comprehensive income for the year	-	(223)	(223)
Shares issued during the year	1,565,000	-	1,565,000
At 31 March 2021	7,865,000	(47,994)	7,817,006

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The principal activity of the company during the year was that of a holding company.

Centum Electronics UK Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office 16 Great Queen Street, Covent Garden, London, WC2B 5AH. Its principal place of business is 44, KHB Industrial Area, Yelahanka New Township, Bangalore - 560 106, India.

The financial statements are presented in Euros (€).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- Section 3 Financial Statement Presentation paragraph 3.17(d) (inclusion of statement of cash flows);
- Section 7 Statement of Cash Flows (inclusion of statement of cash flows);
- Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) (disclosures relating to financial instruments);
- Section 33 Related Party Disclosures paragraph 33.7 (disclosure of key management personnel compensation).

The information is included in the consolidated financial statements of Centum Electronics Limited as at 31 March 2021 and these financial statements may be obtained from the Registrar of Companies (www.companieshouse.gov.uk).

The financial statements have been prepared for the company and not its group as the company is exempt from the obligation to prepare and deliver group accounts under section 401 of the Companies Act 2006. This is on the basis that audited consolidated financial statements of the ultimate parent company, Centum Electronics Limited, a company incorporated in India, have been delivered to the Registrar of Companies (www.companieshouse.gov.uk).

The following principal accounting policies have been applied:

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.2 Going concern

The directors have considered whether the company has been affected by the economic impact and restrictions that have ensued following the COVID-19 pandemic. The spread of COVID-19 pandemic and consequent national and local lockdowns and supply chain disruptions had an impact on the company and the Centum Group's business operations ("the Group"). The Group has made a detailed assessment of its liquidity position as at the date of approval of these financial results for the following 12 month period, including consideration of the carrying value of the fixed asset investments as at the reporting date and has concluded that no material adjustments are required. The directors believe that they have taken into account all the possible impacts of known events and economic forecasts based on internal and external sources of information arising from the COVID-19 pandemic in the preparation of these financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The directors have received a letter of support from its ultimate parent undertaking, Centum Electronics Limited, for a period of at least 12 months from the date on which these financial statements are signed.

Having considered the ongoing support of the ultimate parent undertaking, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Cost comprises amounts paid and an estimate of consideration due under the put and call option arrangement, as set out in note 8.

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including other debtors, cash and bank balances and intercompany financing, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Impairment of financial assets

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Share capital

Ordinary shares are classified as equity.

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Euros (€).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

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

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of investments in subsidiary undertakings

The carrying amounts of the company's investment in subsidiaries, are reviewed at each balance sheet date to determine whether there is any indication of impairment as required by FRS 102 Section 27 Impairment of Assets. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the greater of net realisable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount rate. Impairment losses are recognised in the profit and loss account.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 €	2020 €
Rendering of services	12,055	24,109

Analysis of turnover by country of destination:

	2021 €	2020 €
Rest of the world	12,055	24,109

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 €	2020 €
Fees payable to the company's auditor for the audit of the company's annual financial statements	3,677	4,368
Fees payable to the company's auditor for non-audit services	6,393	10,993
	<u>10,070</u>	<u>15,361</u>

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Directors	<u>2</u>	<u>1</u>

7. Taxation

	2021 €	2020 €
Total current tax	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 €	2020 €
(Loss)/profit on before taxation	(223)	5,809
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(42)	1,104
Effects of:		
Tax losses carried forward	42	(1,104)
Total tax charge for the year	-	-

Factors that may affect future tax charges

The potential deferred tax asset of €9,000 as at 31 March 2021 remains fully impaired (at 31 March 2020: potential deferred tax asset of €9,000, fully impaired) on the basis that forecasts for the company indicate that the deferred tax asset, which relates entirely to carried forward losses, will not be realised in the foreseeable future.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

As the proposal to keep the rate at 19% had been substantively enacted at the balance sheet date, its effects on the measurement of deferred tax that had been measured at the previously enacted 17% rate, has been included in these financial statements.

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

8. Fixed asset investments

	Investments in subsidiary company €
Cost	
At 1 April 2020	12,461,676
Adjustment to purchase cost	(358,844)
At 31 March 2021	12,102,832
Net book value	
At 31 March 2021	12,102,832

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
Centum Adetel Group SA	4, Chemin Du Ruisseau (69130) Ecully, Lyon, France.	Ordinary	64.7%

There is a put and call option in place relating to the majority of the remaining shares in the Centum Adetel Group SA, which has been reflected in the cost of the investment, which represents the consideration payable to purchase the remaining share capital. The deferred consideration is the directors' estimate of future consideration payable and is included in other creditors due within one year (Note 10). The company currently owns 64.7% of the share capital of Centum Adetel Group SA. The adjustment to purchase cost in the year noted above relates to the difference between the actual purchase cost under the option arrangement compared with the previous estimated value.

9. Debtors

	2021 €	2020 €
Amounts owed by group undertakings	362,110	362,055

Amounts owed by group undertakings are interest free, have no fixed repayment date and are repayable on demand.

CENTUM ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10. Creditors: amounts falling due within one year

	2021 €	2020 €
Other creditors	4,638,492	6,556,897
Accruals and deferred income	13,141	15,678
	<u>4,651,633</u>	<u>6,572,575</u>

11. Share capital

	2021 €	2020 €
Allotted, called up and fully paid		
6,630,900 (2020 - 5,233,900) Ordinary shares of £1 each	<u>7,865,000</u>	<u>6,300,000</u>

The company issued 915,000 ordinary shares of £1 each on 14 September 2020, for consideration of £915,000, in order to increase the company's investment in its subsidiary group. The company issued 482,000 ordinary shares of £1 each on 2 January 2021, for consideration of £482,000, to further increase the company's investment in its subsidiary group.

12. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

13. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

14. Ultimate parent undertaking and controlling party

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Centum Electronics Limited whose registered office is 44, KHB Industrial Area, Yelahanka New Township, Bangalore - 560 106, India. Copies of group financial statements are available to the public from the company's website (www.centumindia.com).

The ultimate parent company is Centum Electronics Limited, a company incorporated in India.

In the opinion of the directors there is no ultimate controlling party.

CENTUM ELECTRONICS (UK) LIMITED
DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

These pages do not form part of the financial statements

CENTUM ELECTRONICS (UK) LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	2021 €	2020 €
Turnover	12,055	24,109
Less: overheads		
Administrative expenses	(12,278)	(18,300)
(Loss)/profit for the year	<u>(223)</u>	<u>5,809</u>

CENTUM ELECTRONICS (UK) LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	€	€
Administrative expenses		
Legal and professional fees	2,631	8,702
Auditors' remuneration	3,677	4,368
Accountancy fees	3,762	2,291
Bank charges	650	2,939
Rates	1,558	-
	12,278	18,300