

Registered number: 06362470

**TAN DELTA SYSTEMS PLC  
(PREVIOUSLY: TAN DELTA SYSTEMS LTD)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**



**TAN DELTA SYSTEMS PLC (PREVIOUSLY: TAN DELTA SYSTEMS LTD)**  
**REGISTERED NUMBER: 06362470**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	As restated 2021 £
<b>Fixed assets</b>			
Tangible assets	4	64,000	39,575
Investments	5	-	-
<b>Current assets</b>			
Stocks		240,130	53,274
Debtors: amounts falling due within one year	6	319,311	289,109
Cash at bank and in hand		186,341	192,344
		<u>745,782</u>	<u>534,727</u>
Creditors: amounts falling due within one year	7	(391,063)	(292,375)
<b>Net current assets</b>		<b>354,719</b>	<b>242,352</b>
Creditors: amounts falling due after more than one year	8	(37,604)	(62,975)
<b>Net assets</b>		<b><u>381,115</u></b>	<b><u>218,952</u></b>
<b>Capital and reserves</b>			
Called up share capital		452	452
Share premium account		1,564,692	1,564,692
Profit and loss account		(1,184,029)	(1,346,192)
		<u>381,115</u>	<u>218,952</u>

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**REGISTERED NUMBER: 06362470**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

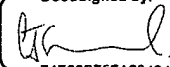
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The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 May 2023.

DocuSigned by:  
  
74E32B75FA23424  
**C J Greenwood**  
Director

The notes on pages 3 to 10 form part of these financial statements.

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**TAN DELTA SYSTEMS PLC (PREVIOUSLY: TAN DELTA SYSTEMS LTD)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**1. General information**

Tan Delta Systems plc (previously: Tan Delta Systems Ltd) is a private company limited by shares, incorporated in England and Wales (registered number: 06362470). Its registered office is 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, S25 2RG. The principal activity of the Company throughout the year continued to be that of oil sensor development, manufacture and sales.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Going concern**

The financial statements of Tan Delta Systems plc (previously: Tan Delta Systems Ltd) (the "Company") have been prepared on a going concern basis, on the assumption that the Company will continue its operations for the foreseeable future. However, it is important to note that a material uncertainty relating to going concern has been identified.

*This uncertainty arises from the imminent proposed Initial Public Offering ("IPO") of the Company and the associated fees payable to advisors in relation to this transaction. The Company is currently in the process of preparing for the IPO, which involves substantial costs and financial commitments. These costs include fees payable to legal, financial, and other advisors involved in the IPO process.*

Whilst the Directors are confident that the Company will successfully complete the IPO, the successful completion is subject to various external factors, market conditions, and regulatory approvals. Any delays, challenges, or unforeseen circumstances in the IPO process could impact the Company's ability to meet its financial obligations and continue its operations as a going concern.

Management has assessed the potential impact of the proposed IPO and associated fees on the Company's financial position, liquidity, and cash flow, and contingency plans have been outlined should the IPO be aborted.

Management have prepared detailed forecasts and budgets to demonstrate that the Company can continue as a going concern, both before the proposed IPO and taking into account a successful listing.

Management will closely monitor the progress of the IPO process, market conditions, and any potential implications on the Company's financial position. Any significant developments or changes will be assessed, and appropriate actions will be taken to address the Company's financial stability.

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**TAN DELTA SYSTEMS PLC (PREVIOUSLY: TAN DELTA SYSTEMS LTD)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is pounds sterling.

**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.

**2.4 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, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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**TAN DELTA SYSTEMS PLC (PREVIOUSLY: TAN DELTA SYSTEMS LTD)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)****2.5 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

The depreciation rates used are:

Short-term leasehold property	-	10% straight line
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	15% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.7 Government grants**

Grants relating to expenditure on tangible fixed assets are credited to the Statement of Income and Retained Earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

**2.8 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

**2.9 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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**TAN DELTA SYSTEMS PLC (PREVIOUSLY: TAN DELTA SYSTEMS LTD)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.10 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as bank and cash balances, trade and other accounts receivable and payable, loans from banks and other third parties and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the transaction price and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

**2.11 Current and deferred taxation**

Tax is recognised in the Statement of Income and Retained Earnings.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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.

**2.12 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**3. Employees**

The average monthly number of employees, including directors, during the year was 11 (2021 - 9).

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**TAN DELTA SYSTEMS PLC (PREVIOUSLY: TAN DELTA SYSTEMS LTD)**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**4. Tangible fixed assets**

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2022	10,391	28,071	5,080	22,236	65,778
Additions	575	34,113	1,665	2,477	38,830
Disposals	-	(2,232)	-	(1,907)	(4,139)
At 31 December 2022	<u>10,966</u>	<u>59,952</u>	<u>6,745</u>	<u>22,806</u>	<u>100,469</u>
<b>Depreciation</b>					
At 1 January 2022	5,093	9,527	2,324	9,259	26,203
Charge for the year on owned assets	881	7,667	663	2,083	11,294
Disposals	-	(689)	-	(339)	(1,028)
At 31 December 2022	<u>5,974</u>	<u>16,505</u>	<u>2,987</u>	<u>11,003</u>	<u>36,469</u>
<b>Net book value</b>					
At 31 December 2022	<u><u>4,992</u></u>	<u><u>43,447</u></u>	<u><u>3,758</u></u>	<u><u>11,803</u></u>	<u><u>64,000</u></u>
At 31 December 2021	<u><u>5,298</u></u>	<u><u>18,544</u></u>	<u><u>2,756</u></u>	<u><u>12,977</u></u>	<u><u>39,575</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**5. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 January 2022	50,000
At 31 December 2022	50,000
<b>Impairment</b>	
At 1 January 2022	50,000
At 31 December 2022	50,000
<b>Net book value</b>	
At 31 December 2022	-
At 31 December 2021	-

The investment represents a 100% shareholding in Lubrigard Limited, a company incorporated in the United Kingdom. This entity is dormant with no future plans to trade and has a balance sheet in a net liabilities position. Therefore, in the opinion of the directors the value of the investment has been fully impaired.

**6. Debtors**

	<b>2022 £</b>	<b>2021 £</b>
Trade debtors	277,203	227,514
Other debtors	19,425	26,094
Prepayments and accrued income	18,650	17,924
Tax recoverable	4,033	17,577
	<b>319,311</b>	<b>289,109</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**7. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Other loans	23,750	22,129
Trade creditors	283,695	171,671
Other taxation and social security	11,559	25,653
Other creditors	15,253	14,386
Accruals and deferred income	56,806	58,536
	<u>391,063</u>	<u>292,375</u>

Loans held within other loans are secured by a fixed and floating charge over all of the undertaking, property and assets of the company.

Lloyds Bank Plc hold a fixed and floating charge (dated 11 December 2007) over all of the Company's undertakings and all property and assets present and future, in relation to any monies becoming due on any account from the Company to the chargee.

**8. Creditors: Amounts falling due after more than one year**

	2022 £	2021 £
Other loans	<u>37,604</u>	<u>62,975</u>

Loans held within other loans are secured by a fixed and floating charge over all of the undertaking, property and assets of the company. No amounts in relation to loans are due more than 5 years from the balance sheet date.

**9. Prior year adjustment**

Tan Delta Systems plc (previously: Tan Delta Systems Ltd) owns 100% of the shares in Lubrigard Limited, a UK-incorporated company that is currently dormant and has been for many years.

The financial statements of Tan Delta Systems plc (previously: Tan Delta Systems Ltd) did not previously include the cost of the investment in Lubrigard Limited, nor any associated impairment.

Therefore, an adjustment has been made to the 2021 Balance Sheet, recognising an investment cost of £50,000 and an associated impairment of the investment of £50,000, resulting in a net balance on investments in subsidiaries recognised in the financial statements of £Nil.

These restatements have no impact on the 2021 Statement of Income and Retained Earnings.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £13,411 (2021: £10,321). Contributions totaling £5,292 (2021: £1,954) were payable to the fund at the balance sheet date and are included in creditors.

**11. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2022 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that a material uncertainty has been identified in relation to the proposed Initial Public Offering ("IPO") of the Company, and the associated fees payable to the Company's advisors on the matter. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included communication with both management and their advisors in respect of the proposed IPO, in addition to detailed review of forecasts and budgets produced by management, demonstrating both the period leading to the proposed IPO and post IPO.

Reflecting on the above conversations and documents reviewed, our observations are that if it were not for the proposed IPO and the associated fees payable to advisors in respect of this, we would be comfortable with management's assessment that the company is a going concern.

However, it is important to note that the substantial fees related to the IPO, if the transaction were to be aborted, would create uncertainties regarding the entity's ability to continue as a going concern unless alternative funding was established to cover the associated costs.

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

The audit report was signed on 19 May 2023 by Malcolm Pope (Senior Statutory Auditor) on behalf of Shorts.