

Radisys UK Limited
Financial Statements
for the year ended 31st December, 2019

Report of the Independent Auditors to the Members of RadiSys UK Limited

Opinion

We have audited the financial statements of RadiSys UK Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Balance Sheet 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 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 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has 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 Report of the Directors.

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

Auditors' responsibilities for the audit of the financial statements

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

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

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 a Report of the Auditors 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.

Paul Chamberlain (Senior Statutory Auditor)
for and on behalf of Chamberlains Statutory Auditors
and Chartered Accountants
Elm House, Tanshire Park
Shackleford Road, Elstead
Godalming
Surrey
GU8 6LB

16 March 2020

Income Statement

for the Year Ended 31 December 2019

	Notes	31.12.19	31.12.18
		£	£
TURNOVER		345,419	350,756
Administrative expenses		<u>327,031</u>	<u>307,692</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION		18,388	43,064
Tax on profit		<u>5,032</u>	<u>1,847</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>13,356</u></u>	<u><u>41,217</u></u>

Balance sheet

31 December 2019

	Notes	31.12.19		31.12.18	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		-		-
Investments	6		<u>93,473</u>		<u>93,473</u>
			93,473		93,473
CURRENT ASSETS					
Debtors	7	790,093		806,825	
Cash at bank		<u>75,462</u>		<u>30,519</u>	
		865,555		837,344	
CREDITORS					
Amounts falling due within one year	8	<u>54,182</u>		<u>39,327</u>	
NET CURRENT ASSETS			<u>811,373</u>		<u>798,017</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>904,846</u>		<u>891,490</u>
CAPITAL AND RESERVES					
Called up share capital	9		190,000		190,000
Other reserves	10		-		556,402
Retained earnings	10		<u>714,846</u>		<u>145,088</u>
SHAREHOLDERS' FUNDS			<u>904,846</u>		<u>891,490</u>

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

The financial statements were approved by the Board of Directors on 12 March 2020 and were signed on its behalf by:

N S Mehta - Director

The notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 31 December 2019

1. STATUTORY INFORMATION

RadiSys UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about RadiSys UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, RadiSys Corporation, .

Turnover

Turnover represents sales commission on the sale of embedded computer components, embedded hardware platforms and software, received from group companies, excluding value added tax. Sales commission is recognised as revenue in the period to which the associated costs are incurred.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 33% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

The financial statements are presented in pounds sterling, which is the operational currency of the company.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the Financial Statements for the Year Ended 31 December 2019

Pension costs and other post-retirement benefits

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

Share based payments

The company operated share option schemes until 11th December 2018, whereby options were granted to employees to acquire shares in the parent company, RadiSys Corporation. The exercise price of the granted options was equal to the market price of the shares on the date of the grant. Options were conditional on the employee remaining in service for a period of three years (the vesting period) and were exercisable between three and ten years from the date of the grant. All stock option grants were issued under an option agreement that provides, among other things, that the option grant vested over a three year period with 33% of the grant vesting one year after the grant date and approximately 2.75% of the options vesting monthly over the remaining 24 months of the vesting period. RadiSys UK Limited had no legal or constructive obligation to repurchase or settle options in cash.

The fair value of options granted was recognised as an employee expense with a corresponding increase in equity. The fair value was measured at grant date and spread over the period during which the employees became unconditionally entitled to the options. The fair value of the options granted was measured using the Black Scholes pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense was adjusted to reflect the actual number of shares options that vested except where forfeiture was due only to share prices not achieving the threshold for exercising. The corresponding amount was recognised as a capital contribution from RadiSys Corporation and is shown as "Other reserves".

In addition to share options, the company granted restricted stock units to employees which entitled employees to shares in RadiSys Corporation based on vesting requirements. The company computed the grant date fair value of restricted stock units granted as the closing price of RadiSys Corporation shares on the earlier of the date of grant or the first date of the service period. The grant date fair value of restricted stock units that were expected to vest was recognised on a straight line basis over the required service period, which was three years with a vesting occurring at each anniversary date of the grant.

RadiSys Corporation also operated an Employee Share Purchase Plan (ESPP) whereby separate offerings of common stock were made to eligible employees of RadiSys UK Limited. An employee could only purchase shares through payroll deductions as permitted by the plan. The purchase price was the lesser of 85% of the fair market value of the common stock on the date of grant or on the purchase date. The fair value of each ESPP purchase right granted was measured using the Black Scholes pricing model. The fair value of ESPP purchased rights was recognised as an employee expense with a corresponding increase in equity.

Operating leases

Rentals in respect of operating leases are charged to the profit and loss account in the period in which they are incurred.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 2 (2018 - 2).

4. OPERATING PROFIT

The operating profit is stated after charging:

	<u>31.12.19</u>	<u>31.12.18</u>
	£	£
Auditors' remuneration	7,800	7,500
Other non- audit services	<u>5,218</u>	<u>3,750</u>

Notes to the Financial Statements for the Year Ended 31 December 2019

		Plant and machinery etc.
		£
5. TANGIBLE FIXED ASSETS		
COST		
At 1 January 2019		6,099
Disposals		<u>(6,099)</u>
At 31 December 2019		<u>-</u>
DEPRECIATION		
At 1 January 2019		6,099
Eliminated on disposal		<u>(6,099)</u>
At 31 December 2019		<u>-</u>
NET BOOK VALUE		
At 31 December 2019		<u>-</u>
		<u>-</u>
		Shares in group undertakings
		£
6. FIXED ASSET INVESTMENTS		
COST		
At 1 January 2019 and 31 December 2019		<u>93,473</u>
NET BOOK VALUE		
At 31 December 2019		<u>93,473</u>
At 31 December 2018		<u>93,473</u>
The company's investments at the Balance Sheet date in the share capital of companies include the following:		
RadiSys Poland Sp. z o.o.		
Registered office: Cypriana Kamila Norwida 4, 80-280, Gdansk, Poland.		
Nature of business: technical support to customers of RadiSys Corp		
	% holding	
Class of shares:		
Ordinary	100.00	
		31.12.19
		31.12.18
		£
		£
Aggregate capital and reserves		132,122
Profit/(loss) for the year		157,630
		<u>4,257</u>
		<u>(30,419)</u>

Notes to the Financial Statements for the Year Ended 31 December 2019

In March 2012, the company purchased the entire share capital of Juncus Sp. z o.o., a Polish registered company for PLN 5,000 (£1,168) and subsequently changed the name to RadiSys Poland Sp. z o.o. In April 2013, the company made a capital contribution to RadiSys Poland Sp. z o.o. in the amount of PLN 400,000 (£92,306). In the opinion of the directors, the value of the shares held in the company is greater than the amount at which it is stated on the balance sheet.

	31.12.19	31.12.18
	£	£
7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Amounts owed by group undertakings	790,093	793,774
Other debtors	-	13,051
	<u>790,093</u>	<u>806,825</u>

	31.12.19	31.12.18
	£	£
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	2,311	(900)
Taxation and social security	-	9,179
Other creditors	51,871	31,048
	<u>54,182</u>	<u>39,327</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19	31.12.18
			£	£
1,900	Ordinary	100	<u>190,000</u>	<u>190,000</u>

10. RESERVES

	<u>Retained earnings</u>	<u>Other reserves</u>	<u>Totals</u>
	£	£	£
At 1 January 2019	145,088	556,402	701,490
Profit for the year	13,356	-	13,356
Transfer of reserves	556,402	(556,402)	-
At 31 December 2019	<u>714,846</u>	<u>-</u>	<u>714,846</u>

Other reserves formerly related to share options schemes which no longer exist.

11. PENSION COMMITMENTS

The company operates a defined contribution scheme for its employees. The costs to the company of the scheme during the year was £18,861 (2018 - £21,113). The amount outstanding at the year end was £1,793 (2018 - overpayments due to the company at the year end of £8,019).

Notes to the Financial Statements

for the Year Ended 31 December 2019

12. SHARE-BASED PAYMENT TRANSACTIONS

The total expenses recognised for the year arising equity settled share based payments arrangements (in the ultimate parent company) as follows:

Share options £nil (2018 - £4,506)

During 2018, 15,000 share options were granted by the parent company to employees of the company (which were subsequently cancelled). The company recorded a total expense of £nil (2018 - £4,506) in relation to all share options granted. The options were terminated on 11 December 2018.

13. ULTIMATE PARENT COMPANY

The company's immediate parent company is RadiSys Corporation, a company registered in the United States of America. The company's ultimate parent company is Reliance Industries Limited, a company based in Mumbai, India.

Notes to the Financial Statements for the Year Ended 31 December 2019

Detailed Profit and Loss Account for the Year Ended 31 December 2019

	31.12.19		31.12.18	
	£	£	£	£
Sales		345,419		350,756
Expenditure				
Salaries	189,331		172,983	
Social security	24,601		22,882	
Pensions	18,861		21,113	
FRS20 stock option expense	-		4,506	
Telephone	1,802		3,155	
Post and stationery	-		1,055	
Travelling	36,215		30,564	
Motor expenses	5,000		7,184	
Licences and insurance	1,120		1,120	
Restructuring costs	-		16,946	
Irrecoverable VAT	1,140		2,431	
Sundry expenses	1,320		823	
Recruitment and temp staff	24,102		-	
Professional fees	8,911		9,713	
Auditors' remuneration	7,800		7,500	
Auditors' remuneration for non audit work	5,218		3,750	
Foreign exchange losses	-		(22)	
		325,421		305,703
		19,998		45,053
Finance costs				
Bank charges		1,610		1,989
NET PROFIT		18,388		43,064