

UniVision Engineering Limited



Annual Report
Year ended 31 March 2022

UNIVISION ENGINEERING LIMITED
Annual Report
Year ended 31 March 2022

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BOARD OF DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

Board of Directors

Stephen Sin Mo KOO, *Executive Chairman*
Peter Yip Tak CHAN, *Chief Executive Officer*

Nominated Adviser

SPARK Advisory Partners Limited
5 St. John's Lane,
London, EC1M 4BH
U.K.

AIM Stock Code

UVEL

Principal bankers

Hong Kong and Shanghai Banking Corporation
Bank of China (Hong Kong)

Audit Committee

Stephen Sin Mo KOO

Auditor

PKF Hong Kong Limited
Certified Public Accountants
26/F., Citicorp Centre,
18 Whitfield Road,
Causeway, Hong Kong

Remuneration Committee

Stephen Sin Mo KOO

Registrars

Computershare Investor Services
(Jersey) Limited
Queensway House,
Hilgrove Street,
St Helier,
Jersey JE1 1ES.

Company Secretary

Stephen Sin Mo KOO

UK Depositary

Computershare Investor Services PLC
The Pavilions,
Bridgwater Road,
Bristol BS99 6ZZ,
UK

Registered Office

Unit 201, 2/F Sunbeam Centre,
27 Shing Yip Street,
Kwun Tong, Kowloon,
Hong Kong
Tel: (852) 2389 3256
Fax: (852) 2797 8053
E-mail: uvel@hk.uvel.com
Website: www.uvel.com

Broker

SI Capital Limited
46 Bridge Street,
Godalming,
Surrey GU7 1HL
U.K.

CHAIRMAN'S STATEMENT

I am pleased to report the Company's audited results for the financial year ended 31 March 2022.

Turnover for the year decreased by 64.2% (underlying rate) to £3.9m (2021: £10.9m). This decline was mainly due to the expiry of several maintenance contracts and the delay of several project delivery.

Loss for the year is £10.27m (2021: Profit £563K).

In the remainder of this report, I shall go into further details relating to the major contract with MTRC, winding up petitions and dismissal, other settlements, financial review, business review and end with prospect statement.

THE MAJOR CONTRACT WITH MTRC

As announced on 17 June 2022, the Company has received formal notice of termination of its contract with MTR Corporation Ltd ("MTRC"), for the replacement works of the CCTV systems for MTRC's railway lines, for alleged breach of contract. The Company contests this and continues to negotiate with MTRC to resolve the matter.

This original MTRC contract was awarded to the Company five years ago, in May 2017, with an expected completion date of November 2023, but with subsequent contract add-ons this had been expected run until July 2024.

Over the period to date the Contract has represented a step-change to the Company's long-established business and termination of the contract would represent a significant loss of future revenue and profitability for the Company. However, the Company would be able to re-deploy resources from this contract to other projects to mitigate this reduction. The termination of the MTRC contract was effective from 20 June 2022. Whilst the termination of the MTRC contract occurred after the year end, the certification of work completed, invoicing and approval for work completed prior to the year end, which would normally take some months to finalise in the normal course of events, is taking longer given the termination of the contract and the need for both parties to agree a final position.

Up to the financial year ended 31 March 2022 and the date of termination, UniVision has invoiced a total amount of HK\$207m. The gross valuation of certified works on the Major Contract was HK\$226.5m as at 31 January 2022.

The Company has worked out and quantified the unbilled work done and equipment for final account with MTRC including equipment, work done, testing in progress, system development etc.. As per our meeting with the MTRC on 21 November 2022, it requires to be verified by joint inspection performed by both parties before the final account is concluded.

The Company has called for meetings with MTRC to (i) collect the retention amount around HK\$19.5m, which was the 10% retention money kept by MTRC; and (ii) clarify and quantify the unbilled work done including equipment, work done, testing in progress, system development and etc.. The final position is to be verified by joint inspection performed by the Company and MTRC.

CHAIRMAN'S STATEMENT (Continued)

WINDING UP PETITIONS AND DISMISSAL

As announced on 4 January 2022, our Company has received a petition that has been brought by one of its sub-contractors, namely, T&P Solutions Limited ("T&P"), formerly known as T&P Construction Company Limited, in the High Court in Hong Kong; alleging outstanding debts owed by the Company of HK\$5,955,760 (approximately £565,280) in relation to contractual agreements between the Company and T&P. T&P has presented the petition ("the Petition") for the Company to be wound up pursuant to certain sections of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in Hong Kong. The Company intends to defend and oppose the Petition. Further, the Company has a cross claim against T&P, *inter alia*, for breach of contract and non-performance and it intends to claim damages for the same. The first hearing has been conducted on 2 March 2022 that the Company defended and opposed the Petition. As announced on 11 May 2022, the Court hearing in respect of the Winding up petition was adjourned to be heard on 18 October 2022.

The petition has been dismissed by the High Court in Hong Kong on 18 October 2022. Costs have been awarded to UniVision on an indemnity basis.

As announced on 13 December 2022, our Company has received another petition that has been brought by one of its equipment suppliers for the contract with MTR Corporation, namely, Synnex Technology International (HK) Limited ("Synnex"), in the High Court in Hong Kong. The Petition alleges outstanding debts owed by the Company of HK\$12,945,834 (approximately £1.358 million) to Synnex in respect of equipment supplied to the Company. Synnex has presented the Petition for the Company to be wound up pursuant to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) in Hong Kong. The date of the Court hearing was set for 8 February 2023.

The Company has reached a settlement agreement with Synnex. As announced on 16 February 2023, the petition has been dismissed by the High Court in Hong Kong on 13 February 2023.

OTHER SETTLEMENTS

The Company has reached a settlement agreement with General Resources Company (HK) Limited on the repayment of sub-contracting fee amounting to approximately HK\$1,163,000 by instalments in March 2023.

In addition, the Company has received a demand for indemnity of HK\$11,681,430.27 by Berkshire Hathaway Specialty Insurance Company ("Berkshire Insurance") in terms of a surety bond facility granted in 2017. The Company is in the final stage of the negotiation with Berkshire Insurance to settle this amount by stage payment.

KML Engineering Limited, one of the Company's subcontractors, claims a total amount of HK\$4,114,658.81 together with interest and legal costs in these proceedings. The Company has filed a partial admission in the amount of HK\$2,096,530.70 which has been accepted by KML Engineering Limited in satisfaction of its whole claim. As a result, Judgment has been entered on 6 March 2023 against the Company respecting the amount of HK\$2,096,530.70 in 3 monthly instalments payable on the 1st day of each calendar month starting from 1 April 2023 with fixed costs at HK\$11,045.00.

CHAIRMAN'S STATEMENT (Continued)

OTHER SETTLEMENTS

On 24 April 2023 upon application of E-Star Engineering Company, one of the Company's subcontractors, the Court has made an Order for E-Star Engineering Company to enter summary judgment against the Company as the Defendant in these proceedings regarding the principal sum of HK\$1,503,276.50 with interest (whereas interest accrued as of 24 April 2023 is in the sum of HK\$302,870.04) against part of the claims with legal costs in respect of such application to be paid by the Company to E-Star Engineering Company summarily assessed at HK\$90,673. By the same Order, the Company has been granted unconditional leave to defend against E-Star Engineering Company residual claim of HK\$213,360.00 (the "Residual Claim"). These proceedings are now pending the filing of E-Star Engineering Company's Amended Statement of Claim as regards the Residual Claim. Before close of pleadings, it is uncertain as to the probable outcome in respect of the Residual Claim. Similarly, it may be improbable to give an estimate of the ultimate liability or amount to be realised as to the Residual Claim at this stage.

Hang Cheong Engineering Limited, one of the Company's subcontractors, claims a total amount of HK\$806,400.00 together with interest pursuant to ss.49 and 50 of the District Court Ordinance (Cap.336) and legal costs. The Company has filed an admission on the full amount of HK\$806,400.00 as claimed by Hang Cheong Engineering Limited. The sum of HK\$806,400.00 together with interest thereon at the rate of (i) 8% per annum from 28 December 2022 to 31 December 2022 and (ii) 8.169% per annum from 1 January 2023 to the date of the Judgment and thereafter at judgment rate until payment and fixed costs at HK\$7,130.00.

DISPUTE WITH DIMENSION DATA

As previously announced, the Company received a writ of summons (Statement of Claim), Hong Kong High Court Action No. 2090 of 2020, from the solicitors of Dimension Data China Hong Kong Limited ("Dimension Data"), the Plaintiff, on 14 December 2020 alleging breach of contract, claiming against the Company for liquidated damages for an amount of HK\$10.95m plus pre-judgment and post-judgment interest and legal costs. The Company, on the other hand, regards the claim by alleging wrongful breach and thus repudiation of the said sub-contract by Dimension Data. The Company believes it has a counterclaim against Dimension Data, *inter alia*, for breach of contract and/or negligence and/or misrepresentation and accordingly to claim for loss and damages for the same and legal costs.

The Board does not consider that the claim has any foundation and believes that Dimension Data was in breach of protocol in the manner which it has brought this claim.

Both parties had engaged a mediator for the statutory mediation on 17 August 2022. No agreement nor settlement was made in the mediation. As out-of-court settlement between the parties is not forthcoming, our solicitors has prepared the factual witness statements filing to the Court. Both parties have exchanged the witness statements to each other. These proceedings have entered the stage of case management towards trial.

CHAIRMAN'S STATEMENT (Continued)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The Company reported a loss of £10,265,495 for the year ended 31 March 2022. As at 31 March 2022, the Company's equity attributable to the owners of the Company amounted to a deficit of £1,808,945 and its current liabilities exceeded its current assets by £4,030,769. The Company's bank borrowings were collateralised by its deposits placed for life insurance policies of £1,865,308. The Company had total unrestricted cash and bank balances of £2,750. These conditions indicate that a material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern.

The Company is considering and negotiating a number of financing measures to improve the Company's liquidity and financial position, including, but not limited to, the following:

- In October 2022, the Company obtained a loan facility of HK\$12 million from a third party for short-term financing purpose;
- A potential investor has agreed to provide financial support to the Company to maintain its normal operation. In addition, the potential investor has provided a standby unconditional facility of HK\$20 million to the Company of which the Company will be able to drawdown the facility to fulfil its financial needs;
- The Company has been actively negotiating with the bank on its banking facilities;
- The winding-up petitions against the Company were dismissed subsequently in year 2023;
- The Company is taking measures to tighten controls over various costs; and
- With the financial assistance from the potential investor, the Company has resumed a part of its business. The Company will continue to actively enhance its market position by expanding its customer base with the aim to attain profitable and positive cash flow operations in the coming financial year.

The board of the Company have reviewed the Company's cash flow projections prepared by management, which cover a period of not less than twelve months from the date of this report. The board is of the opinion that, taking into account the abovementioned plans and measures, the Company will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months. Accordingly, the board is satisfied that it is appropriate to prepare the financial statements on a going concern basis.

CHAIRMAN'S STATEMENT (Continued)

FINANCIAL REVIEW

Highlights of Statement of Profit or Loss and Other Comprehensive Income are:

- Revenue decreased by 64.2% to £3.9m in the reporting period (2021: £10.9m). This revenue decrease came mainly from the expiry of several maintenance contracts and the delay of several project delivery.
- The revenue from construction contracts is the Company's largest business segment, represented 87% of the total income (2021: 82.7%) Revenue from maintenance contracts represented 12% of the total income (2021: 15%) for the Company.
- Contribution from maintenance contracts decreased by 71%, compared to the prior year. The reduction in maintenance contracts was mainly due to the maintenance contracts with MTRC was ended on 31 March 2021.
- The gross loss was at £2.9m in the reporting year (2021: gross profit of £2m). The main reason for changing from gross profit to gross loss was because of the early termination of the MTRC contract and resulting the unbilled work done and equipment with MTRC.
- Significant impairment loss and provision for this financial year included the following items:
 1. Impairment loss on contract assets of £0.54m (HK\$5.8m)
 2. Impairment loss on amount due from related companies of £2m (HK\$21.3m)
 3. Allowances of obsolete inventories of £2.2m (HK\$23.4m)
 4. Provision for indemnity claimed from Berkshire Insurance of £1.1m (HK\$11.7m)
- Administrative expenses decreased to £1.4m (2021: £1.73m). The decrease was caused mainly by reduction in number of staff.
- Loss before tax £10.27m in the reporting period (2021: profit: £563K) was resulted from the significant impairment loss and provision as stated above.
- The loss attributable to the shareholders of the Company also increased to £10.27m for the financial year ended 31 March 2022, compared to profit £563K for the last financial year.
- As a result of loss attributable to shareholders, basic loss per share was 2.68p for this reporting financial year (2021: earning 0.15p).

CHAIRMAN'S STATEMENT (Continued)

On the Statement of Financial Position, the highlights are:

- Contract assets decreased to £2.9m as at 31 March 2022, from £8.4m as at 31 March 2021, mainly due to the early termination of the Major Contract with MTRC.
- Cash and bank balances stood at £323K as at 31 March 2022 (2021: £284K).
- Trade and other payables increased to £6.6m as at 31 March 2022, from £5.2m as at 31 March 2021, mainly caused by slow settlement to suppliers.
- Deposits placed for two life insurance policies of £1.87m as at 31 March 2022, which are the value of the keyman insurance plans placed as security for banking facilities provided by a banker to the Company.
- Bank borrowings of £2.1m as at 31 March 2022 (2021: £562K) represented the loan provided by a banker and pledged by the insurance policy as above mentioned and other term loans.

On the Statement of Cash Flows, the highlights are:

- The Company had negative cash flows from operations of £198K in the reporting year (2021: positive £34K).
- The Company raised the new borrowings from the bank of £2.47m for financing the new keyman insurance of £939K and business operations.
- Repayment of bank loans of £964K.

During the year under review, a relative strengthening in the HK\$ at the year-end has led to a 3.7% depreciation in the GBP reporting amount in the Statement of Financial Position. It led to the non-cash other comprehensive loss of £5K (2021: £902K) on exchange differences arising on translation of foreign operations.

All figures in the above require to be adjusted for comparison purposes. All comparative percentages stated in the Chairman's Statement are adjusted to show the underlying change (net of translation effect on foreign exchange).

CHAIRMAN'S STATEMENT (Continued)

BUSINESS REVIEW

I will include the following topics in this section: our addressable market segments, business environment in which we operate, our market segment, business environment, customer base, and potential investors.

Addressable Market Segments

According to the Market Research Report by *ReportLinker*: Global Surveillance Camera Market: Analysis By System Type, By Technology By Region Size and Trends with Impact of COVID-19 and Forecast up to 2027, the video surveillance systems market is expected to grow at a CAGR of 8.38% over the forecast period 2022 to 2027.

The main drivers for the growth are the rise in urban population, increasing crime threats, growth in traffic management, technological improvement and rising numbers of ATMs. Asia Pacific Region held the major share of above 40% in the market. This market has grown significantly due to its increasing use of security and law enforcement, to reduce the crime rate in their countries. The Board believes that our addressable market segment will undergo a steady growth period

The use of video surveillance in business is growing significantly due to the increasing need for physical security, the growth in adoption of AI, coupled with the use of cloud-based services for centralized data. The growth of the video surveillance market is expected to be fuelled by the introduction of new IP-based digital technologies, to detect and prevent undesirable behaviour, such as shoplifting, thefts, vandalism, and terror attacks. Alarm notification is the best way that the security cameras can function in prevention and reduction of crime.

The Board regard the CCTV surveillance market is growing with the increasing demand for digital and intelligent video products. The Company anticipates more business opportunities in government infrastructure and public security projects. There is also growing demand for wireless system such as 5G network for video surveillance to enhance public safety. The CCTV industry is further enhanced with an integration of Video Analysis and Cloud Technology for large database storage.

The new trends in this market, such as integration of artificial intelligence systems in surveillance camera, adoption of IoT based surveillance systems, emergence of video surveillance as a service (VSaaS), etc. IoT systems are deployed in various sectors. The growing adoption of IoT based surveillance systems provides the growth opportunity to the surveillance camera market.

For the effect of COVID-19 pandemic, a wide range of surveillance cameras are used to be an effective way to serve the purpose of social distancing and keeping a check on COVID-19 patients. Thermal surveillance is initiated to check the temperature to avoid the spread of COVID-19 infections.

CHAIRMAN'S STATEMENT

(Continued)

Business Environment

COVID-19 has affected the business environment in Hong Kong in last year. It caused adverse effects on the Hong Kong economy. Nevertheless, the effect of COVID-19 pandemic, a wide range of surveillance cameras are used to be an effective way to serve the purpose of social distancing and keeping a check on COVID-19 patients. Thermal surveillance is initiated to check the temperature to avoid the spread of COVID-19 infections.

Even though the Major Contract with MTRC was terminated, other job contracts and orders are still in progress. With the competitive advantage of our project experience in CCTV and network systems, the Company will expect more new projects from MTRC.

The technology of video analytics, such as facial recognition, is being enhanced rapidly and UniVision has actively participated in this market. The Company got the experience in the contract for supply and installation of the video analytic monitoring system at prisons. The video analytic solution of Smart Prisons is designed to enhance the effectiveness of movement detection in confined areas.

Customer base

MTRC remains the Company's largest customer this financial year. In addition, Electrical and Mechanical Services Department ("EMSD"), Hong Kong Police Force ("HKPC") and Correctional Services Department ("CSD") of the Hong Kong Government are other sources of the Company's customer base.

To avoid the concentration of customers, the Company aims to diversify its customer base particularly to the commercial and private sector, such as sizeable multinational private enterprises.

Potential Investors

As announced on 29 September 2022, the Company is in negotiations with potential investors who are looking to make a substantial investment in the Company. Our Board regards that with the support of the potential investors, the Company will strength its financial and technical position to meet the challenge.

CHAIRMAN'S STATEMENT (Continued)

PROSPECTS

The Government has announced new infrastructure projects including the new railway lines and urban development in northern territories. These projects will include large CCTV system for safety protection. With the technical expertise and project experience in surveillance industry, the Company has the competitive advantage to tender for these projects.

Finally, on behalf of the Board, I would like to thank our customers, suppliers, sub-contractors and shareholders for their continued support of UniVision. I would also like to acknowledge the hard work of the management and all our staff for their support in the critical period.



MR. STEPHEN SIN MO KOO
EXECUTIVE CHAIRMAN

19 May 2023

DIRECTORS' BIOGRAPHIES

DIRECTORS' BIOGRAPHIES

Stephen Sin Mo KOO – Executive Chairman (aged 65)

Mr. Koo joined UniVision in 1998 and was appointed as a Director on 3 March 2003. He is responsible for overall strategic planning of our Company. He holds both a Bachelor Degree from the University of Technology, Sydney, and a Master Degree in Business from the Royal Melbourne Institute of Technology in Australia. He is the Director of Up Sky Investments Limited and UniVision Holdings Limited, the Company's major shareholding companies. He is a fellow of the Institute of Certified Public Accountants of Australia. Mr. Koo is a member of the Audit Committee and the Remuneration Committee.

Peter Yip Tak CHAN – Chief Executive Officer (aged 59)

Mr. Chan joined UniVision in 1995 and was appointed as a Director on 3 October 2014. He is responsible for formulating and overseeing the implementation of UniVision's business development strategies and for the management of the Company's operations. Mr. Chan has rich experience in sales and project management. He holds a Degree in Computing from the University of Northwest Missouri. He is also responsible for management of UniVision's Sales and Marketing Division.

UNIVISION ENGINEERING LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report together with the audited financial statements of the Company for the year ended 31 March 2022.

Principal Activities and Segment Analysis Operations

The principal activities of the Company are the supply, design, consultation, installation and maintenance of closed circuit television and surveillance systems, and the sale of security related products. An analysis of the Company's performance by business segments is set out in note 7 to the financial statements.

Review of the Business

Details on the assessment and analysis of the Company's performance and its material factors underlying its results and financial position and its future development are included in the Chairman's Statement.

Financial Position

The Company's loss for the year ended 31 March 2022 and the state of affairs of the Company at that date are set out in the statement of profit or loss and other comprehensive income on page 30 and in the statement of financial position on page 31, respectively.

The Company's changes in shareholders' equity for the year ended 31 March 2022 are set out in the Company's statement of changes in equity on page 32.

The Company's cash flows for the year ended 31 March 2022 are set out in the Company's statement of cash flows on page 33.

DIRECTORS' REPORT

(Continued)

Key Performance Indicators (KPI)

		<u>2022</u>	<u>2021</u>
Current Ratio:	Current Assets / Current Liabilities :	0.6	1.6
Average Collection Period :	Trade receivables (net of allowance for doubtful debts) / Revenue per day :	60 days	11 days
Inventory Turnover :	Cost of revenue / Inventories :	2.9	5.7
Gross (loss)/profit Margin :	Gross (loss)/profit / Revenue :	(73%)	18%
Quick Ratio :	(Current Assets –Inventories) / Current Liabilities :	0.4	1.4

Share Capital and Reserves

Details of the movements in share capital are set out in note 28 on page 61.

The movements in reserves during the year are set out in the statement of changes in equity on page 32.

Dividends

The Company does not pay any dividend for the financial year ended 31 March 2022.

Plant and Equipment

Details of the movements in plant and equipment are set out in note 16 on page 55.

DIRECTORS' REPORT

(Continued)

Directors

The directors who held office during the year and to the date of this report were as follows:

Stephen Sin Mo KOO

Nicholas James LYTH - ceased from 17 January 2022

Ivor Colin SHRAGO - ceased from 23 November 2022

Danny Kwok Fai YIP -ceased from 14 December 2022

Peter Yip Tak CHAN

Ivan Chi Hung CHAN - ceased from 1 August 2022

Edward Keung Hung LI - ceased from 1 July 2021

Mr. Stephen Sin Mo KOO and Mr. Peter Yip Tak CHAN retire by rotation at the forthcoming annual general meeting in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election.

Directors' Interests in Contracts

No director had a material interest in any contract of significance to the business of the Company to which the Company or its holding company was a party at the end of the year or at any time during the year.

Directors' Interests in Shares

According to the register of Directors' Shareholdings kept by the Company, particulars of interests of the Directors (or their immediate families) who held office at the end of the financial year in the ordinary shares of the Company are as set out in the table below:

Ordinary Shares held as at 31 March 2022

Stephen Sin Mo KOO	279,703,700*
Nicholas James LYTH	1,200,000
Ivor Colin SHRAGO	5,315,000
Danny Kwok Fai YIP	-
Peter Yip Tak CHAN	-

DIRECTORS' REPORT

(Continued)

* 78,744,000 ordinary shares are registered under the name of Up Sky Investments Limited which is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Mo KOO. Mr. Stephen Sin Mo KOO is deemed to be interested in all the ordinary shares registered in the name of Up Sky Investments Limited.

Following the share transaction on 8 July 2011, the entire stake of UniVision Holdings Limited (it holds 183,736,000 shares of the Company) was transferred to Up Sky Investments Limited, a company that is wholly owned by Mr. Stephen Koo.

A share transaction effected on 17 November 2015, Up Sky Investments Limited transferred its entire stake in UniVision Holdings Limited to Mr. Stephen Koo. In addition, Mr. Stephen Koo is also interested in 17,223,700 ordinary shares in the Company.

In summary, Mr. Stephen Koo has a total direct and indirect interest in 279,703,700 ordinary shares in the Company, equivalent to 72.9% of the Company's total issued share capital.

Save as disclosed in this report, none of the Directors (or their immediate families) who held office at the end of the financial year had interests in the share capital of the Company during the financial year.

Directors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or its holding company, a party to any arrangement to enable the directors of the Company to acquire by means of the acquisition of shares in, or debentures of any other body corporate.

Substantial Shareholdings

As at 30 September 2022, the Directors had been informed of the following companies that held 3% or more of the Company's issued ordinary share capital:

	Number of ordinary shares	% of total issued share capital
UniVision Holdings Limited (1)	183,736,000	47.9
Up Sky Investments Limited (2)	78,744,000	20.5
Hargreaves Lansdown (Nominees) Limited 15942	25,818,140	6.7
JIM Nominees Limited JARVIS	20,747,340	5.4
Hargreaves Lansdown (Nominees) Limited VRA	13,074,006	3.4
Interactive Investor Services Nominees Limited SMKTNOMS	11,745,114	3.1

DIRECTORS' REPORT

(Continued)

⁽¹⁾ UniVision Holdings Limited is an investment holding company incorporated under the laws of the British Virgin Islands and was formerly owned by Up Sky Investments Limited. Up Sky Investments Limited transferred the entire stake to Mr. Stephen KOO on 17 November 2015.

⁽²⁾ Up Sky Investments Limited is an investment holding company incorporated under the laws of the British Virgin Islands and is wholly-owned by Mr. Stephen Sin Mo KOO.

Payments to Creditors

The Company does not follow any code or standard on payment practice but instead the Company's policy is to pay all creditors in accordance with agreed terms of business.

Political and Charitable Donations

During the year, the Company made Nil charitable contributions (2021: Nil). No political contribution was made.

Environmental Policy

The Company aims to protect the environment by minimising environmental adverse in daily operations and encourage recycling for more efficient use of resources. Besides, energy efficiency practices to reduce the energy consumption. Air conditioning, electricity and water conservation have been closely monitored and reviewed to maintain an efficient operation. Proper treatment of industrial wastes and hazardous material has been put in practice.

Employees

The Company values staff involvement at all levels of operations, and uses various means to train, inform and consult the employees. The Company encourages the management to discuss regularly with the employees on both corporate and individual matters and discloses information to them that will increase their awareness of the financial and economic factors affecting the Company.

The Company recognises its obligations to provide a fair consideration on all vacancies towards people with disability and to ensure that such persons are not discriminated against on the grounds of their disability. For those employees who become disabled during their employment period, the Company will make every effort to ensure that their employment will continue and that sufficient training is arranged.

Annual General Meeting

The Annual General Meeting of the Company will be held at UniVision Engineering Limited, Unit 201, 2/F Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, on 9 June 2023 at 5:00 p.m. The Notice of Meeting appears on page 67.

Annual Report

The annual report for the year ended 31 March 2022 will be uploaded on the Company's website www.uvel.com on 19 May 2023 upon announcement and the hard copy will be sent to shareholders by our Registrars, Computershare Investor Services (Jersey) Limited.

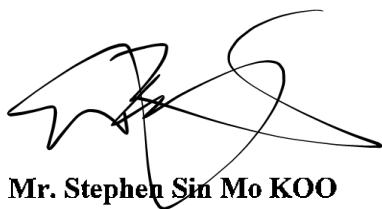
DIRECTORS' REPORT

(Continued)

Auditor

PKF Hong Kong Limited, Certified Public Accountants, was appointed as our auditor for the year. A resolution to re-appoint PKF Hong Kong Limited, Certified Public Accountants as auditor of the Company will be put to the forthcoming Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, consisting of several loops and strokes, positioned above the printed name of the Executive Chairman.

Mr. Stephen Sin Mo KOO
Executive Chairman

Hong Kong
19 May 2023

REMUNERATION REPORT

The Remuneration Committee presents this report to shareholders on behalf of the Board.

Membership of Remuneration Committee

The Remuneration Committee comprises and is chaired by Mr. Stephen Sin Mo KOO (our Executive Chairman).

Policy Statement

The Remuneration Committee sets the remuneration and all other terms of employment of the Executive Directors with a vision to provide a package which is suitable for the responsibilities involved. The remuneration of the Executive Directors is determined by the Remuneration Committee having regard to the performance and experience of individuals, the overall performance of the Company and market trends.

Directors' Remuneration

Details of individual director's remuneration for the year are set out in the table below:

	Salary and fees £	Pension scheme contribution £	Bonus £	2022 Total £	2021 Total £
Executive Directors					
Stephen Sin Mo KOO	-	-	-	-	-
Peter Yip Tak CHAN	71,297	1,695	-	72,992	81,328
Danny Kwok Fai YIP	66,603	1,695	-	68,298	76,090
Ivan Chi Hung CHAN	59,900	1,695	-	61,595	51,130
Edward Keung Hung LI	19,705	424	-	20,129	50,714
Non-executive Director					
Nicholas James LYTH	10,737	-	-	10,737	14,183
Ivor Colin SHRAGO	13,562	-	-	13,562	14,183

Directors' Interests in Contracts and Interests in Shares

Details of Directors' Interests in Contracts and Interests in Shares are given in the Directors' Report.

REPORT ON CORPORATE GOVERNANCE

Introduction

The Directors believe that their foremost function is to generate continuous profits for the Company's investors, and that this should be achieved by a policy of high standards of corporate governance, integrity and ethics. Changes to AIM rules on 30 March 2018 required AIM companies to apply a recognised corporate governance code from 28 September 2018. The Company has chosen to adhere to the Quoted Company Alliance's ("QCA") Corporate Governance Code to meet the new requirements of AIM Rule 26. It is the commitment of the Board to manage the Company's affairs in accordance with this Code, in so far as is practical and appropriate for a public company of this size and complexity. The Board has disclosed the Corporate Governance Statement on its website how the Company complies with the 10 principles of the QCA Code. The following are a few examples on how the Directors have applied the principles of good corporate governance to manage the Company throughout the year.

Board of Directors

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors. The Company has strengthened the board and has satisfied this requirement by appointing Mr. Ivor Colin SHRAGO as independent non-executive director on 27 September 2018.

The Board directs and controls the Company and is responsible for strategy and operating performance. It meets regularly throughout the year and has adopted a schedule of matters specifically reserved for its decision.

All Directors are elected by shareholders at the first opportunity after their initial appointment to the Board and to be re-elected thereafter at intervals of not more than three years. Biographical information on all the Directors is listed in the Directors' Biographies section to the annual report, which may help the shareholders to make a decision at the time of re-election.

Upon their appointments, the Directors are offered an opportunity to request information and training relevant to their legal and other duties. They are also given written guidelines and rules defining their responsibilities within an AIM listed company.

The Board considers that all Non-executive Directors are independent of management and day to day operation, and free from any commercial relationship with the Company. These Non-executive Directors do not participate in any of the Company's pension schemes or bonuses. The Chairman of the Audit and Remuneration Committees is a Non-executive Director.

Nomination Committee

As the Board of Directors of the Company is relatively small, there is no separate Nomination Committee. All nominations to the Board are considered by all of the Directors.

REPORT ON CORPORATE GOVERNANCE

(Continued)

Audit Committee

Our Audit Committee comprises and is chaired by Mr. Stephen Sin Mo KOO (our Executive Chairman). The Chairman of the Audit Committee has full discretion to invite any Executive Directors to attend its meetings. The Audit Committee meets not less than twice per year.

The responsibilities of the Committee are to:

- monitor the quality of the overall internal control system of all financial matters;
- review the Company's Accounting Policies and ensure compliance with accounting standards;
- ensure that the financial performance of the Company is properly measured and reported on;
- consider the appointment/re-appointment of the external auditor;
- review the conduct of the audit and discuss the audit fee;
- review reports from the Auditors relating to the Company's accounting and internal controls;
- to ensure the Company complies with the AIM Rules.

Remuneration Committee

Our Remuneration Committee comprises and is chaired by Mr. Stephen Sin Mo KOO (our Executive Chairman). The Remuneration Committee meets as required.

The responsibilities of the Committee are to:

- determine the specific remuneration package for each Director including Director's fees, salaries, allowances, bonuses, options, benefits-in-kind; and
- seek for professional advice, including comparison with similar businesses, in order to correctly fulfil its duties, as the Committee deems appropriate.

In discharging its functions, the Committee may obtain independent external legal and other professional advices as it deems necessary. The expense of such advice shall be borne by the Company.

REPORT ON CORPORATE GOVERNANCE

(Continued)

Internal Control

The Board of Directors is responsible for ensuring that the Company maintains an internal financial control system with appropriate monitoring procedures. The purpose of this system is to safeguard Company assets, maintain proper accounting records, and ensure that reliable financial information is used within the Company and for publication purposes. However, the system is designed to manage rather than completely eliminate risk and can only provide reasonable but not absolute assurance against material misstatement.

In order to achieve the above responsibilities, the Board meets regularly and monitors the Company's internal financial control by reviewing the process and the performance of the systems, setting annual budgets and periodic forecasts, and seeking any prior approval for all significant expenditure.

The Company currently does not have an internal audit department and after extensive review and consideration, the Board has concluded that the existing control mechanisms are sufficient for the size of the Company. This decision will be kept under review.

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's financial statements.

Investor Relations

The Company realises that effective communication can increase transparency and accountability to its shareholders; as such, the Company discloses its information to its shareholders through RNS (i.e. the news distribution service operated by the London Stock Exchange plc). The same information can also be found on the Company's website (www.uvel.com). The Company will make every effort to ensure that all price-sensitive information is released publicly and immediately. If an immediate announcement is not possible, the Company will try to publicize the information at the earliest time possible to ensure that the shareholders and the public have fair access to it.

The Company will send the Annual Report and the notice of the Annual General Meeting (AGM) to all its shareholders. This notice is also made available on RNS. The Company recognises the importance of the shareholders' views and encourages them to attend the AGMs where they can share their opinions and raise direct queries and concerns towards the Directors, including the chairperson of each of the Board Committees. The shareholders are also welcomed to discuss any issues on an informal basis at the conclusion of the AGMs.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for preparing financial statements for each financial year. The Directors have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards (IFRSs). The Directors must not approve the financial statements unless they give a true and fair view of the state of affairs of the Company and of the profit or loss for that year.

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 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 transaction and disclose with reasonable accuracy at any time the financial position of the Company. They have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company's website. The Company is compliant with AIM Rule 26 regarding the Company's website.



26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Independent auditor's report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of UniVision Engineering Limited (the "Company") set out on pages 30 to 66, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the financial statements, which indicates that as at 31 March 2022, the Company's equity attributable to the owners of the Company amounted to a deficit of £1,808,945 and its current liabilities exceeded its current assets by £4,030,769. The directors of the Company are considering and negotiating a number of financing measures as set forth in note 2 to improve the Company's liquidity and financial position and consider that the Company will have sufficient working capital to finance its operations and to fulfil its financial obligations as and when they fall due in the foreseeable future upon successfully implementing these measures. These conditions 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.

Independent auditor's report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on service contracts from supply, design and installation of closed circuit television and surveillance systems

Key audit matter

We identified the revenue recognition on service contracts from supply, design and installation of closed circuit television and surveillance systems as a key audit matter due to the significant judgments exercised by the management in determining the total contract costs and contract costs incurred for work performed to date.

As set out in note 4 to the financial statements, the Company recognises service revenue by reference to the progress towards complete satisfaction of the relevant performance obligation using input method, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. This revenue recognition involves a significant degree of management estimates and judgement, with estimates being made to assess the total contract costs and stage of completion of the contract.

As disclosed in note 7 to the financial statements, the Company recorded revenue from the provision of construction works of £3,449,207 for the year ended 31 March 2022.

How our audit addressed the key audit matter

Our procedures in relation to the Company's revenue recognition on service contracts from supply, design and installation of closed circuit television and surveillance systems included:

- Understood the management's process relating to the estimation of total contract costs;
- Obtained an understanding from the Company's project team about the contract terms, performance and status of contracts of selected contracts, on a sample basis, to evaluate the reasonableness of the basis of estimation of the total contract costs, and contract costs incurred for work performed to date;
- Performed comparisons between the percentage of completion and the percentage of progress billing on selected contracts, on a sample basis, to identify and investigate any significant differences by obtaining an understanding from project team and checking correspondence with customers of the Company; and
- Checked the progress billings, on a sample basis, to invoices issued and checked contract costs incurred, on a sample basis, to invoices received and human resources record respectively.

Independent auditor's report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

Key Audit Matters (Continued)

Estimated provision of expected credit losses ("ECL") for certain receivables measured at amortised cost and contract assets

Key audit matter

We identified the estimated provision of ECL for certain receivables measured at amortised cost and contract assets as a key audit matter due to the significance of these assets to the Company's financial statements and the involvement of subjective judgement and management estimates in evaluating the ECL.

As at 31 March 2022, the gross amounts of contract assets and amounts due from related companies are £3,590,362 and £7,685,610 respectively.

During the year ended 31 March 2022, impairment of £543,685 and £2,004,429 were made against contract assets and amounts due from related companies respectively.

How our audit addressed the key audit matter

Our procedures in relation to estimated provision of ECL for certain receivables measured at amortised cost and contract assets included:

- Understood and assessed the effectiveness of related key internal control design in relation to the credit approval and impairment loss allowances;
- Assessed the recoverability of a sample of outstanding balances by reviewing the historical patterns of receipts, debtors' ability to repay and ageing analyses, arranging circularisation and assessing cash received subsequent to year end;
- Assessed management's provision policy for ECL on certain receivables and contract assets by selecting samples and:
 - noted the historical repayment patterns;
 - assessed cash received subsequent to year end;
 - evaluated the plans for recovering the outstanding balances;
 - reviewed management's knowledge of future conditions that may impact the expected cash receipts;
 - reviewed and verified the ageing analyses; and
 - performed overall analytics on the reasonableness of the ECL provision.

Independent auditor's report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

Other Information

The directors are responsible for the other information which comprises all the information included in the Company's annual report for the year ended 31 March 2022, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs 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.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Company's financial reporting process.

Independent auditor's report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report
To the members of
UniVision Engineering Limited
(Incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

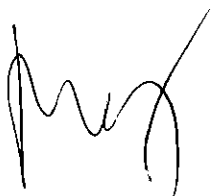
We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of Report

This report is made solely to the Company's members, as a body, in compliance with the AIM Rules for companies as published by the London Stock Exchange Group plc. 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's members as a body, for our audit work, for this report or for the opinion we have formed.

The engagement director on the audit resulting in this independent auditor's report is Lam Kar Bo (Practising Certificate Number : P05453).



PKF Hong Kong Limited
Certified Public Accountants
Hong Kong

Hong Kong, China
19 May 2023

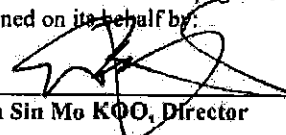
UNIVISION ENGINEERING LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2022

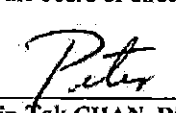
	<i>Notes</i>	2022 £	2021 £
Revenue	7(a)	3,962,568	10,945,287
Cost of revenue	10	<u>(6,854,990)</u>	<u>(8,986,278)</u>
Gross (loss)/profit		(2,892,422)	1,959,009
Other income	8	74,545	422,560
Other gains and losses, net	9	6,500	(33,476)
Impairment loss on assets	10	(4,756,101)	-
Provision for indemnity claimed from an insurance company		(1,100,185)	-
Selling and distribution expenses	10	(3,299)	(4,570)
Administrative expenses	10	(1,447,825)	(1,706,160)
Finance costs	12	<u>(146,708)</u>	<u>(74,009)</u>
(Loss)/profit before income tax		(10,265,495)	563,354
Income tax	13	<u>-</u>	<u>-</u>
(Loss)/profit for the year		<u>(10,265,495)</u>	<u>563,354</u>
Other comprehensive loss, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements		<u>(4,955)</u>	<u>(901,758)</u>
Total comprehensive loss for the year		<u>(10,270,450)</u>	<u>(338,404)</u>
(Loss)/earnings per share – Basic and diluted	14	<u>(2.68p)</u>	<u>0.15p</u>

UNIVISION ENGINEERING LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Notes	2022 £	2021 £
ASSETS			
Non-current assets			
Plant and equipment	16	133,462	99,014
Right-of-use assets	17	327,484	61,092
Interest in an associate	18	5	5
Amounts due from related companies	30	-	2,842,805
Deposits placed for life insurance policies	19	1,865,308	862,476
Prepayments		<u>30,818</u>	<u>48,981</u>
Total non-current assets		<u>2,357,077</u>	<u>3,914,373</u>
Current assets			
Inventories	20	2,364,924	1,584,096
Trade and other receivables	21	944,095	1,708,489
Contract assets	22	2,934,194	8,439,488
Cash and bank balances	23	<u>323,173</u>	<u>284,354</u>
Total current assets		<u>6,566,386</u>	<u>12,016,427</u>
Total assets		<u><u>8,923,463</u></u>	<u><u>15,930,800</u></u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	24	6,643,457	5,179,172
Contract liabilities	25	1,610,506	1,572,245
Bank borrowings	27	2,141,675	561,535
Lease liabilities	26	<u>201,517</u>	<u>42,959</u>
Total current liabilities		<u>10,597,155</u>	<u>7,355,911</u>
Non-current liabilities			
Amount due to a related company	24	-	393,074
Lease liabilities	26	<u>135,253</u>	<u>21,924</u>
Total non-current liabilities		<u>135,253</u>	<u>414,998</u>
Total liabilities		<u>10,732,408</u>	<u>7,770,909</u>
Capital and reserves			
Share capital	28	3,890,257	3,890,257
Reserves		<u>(5,699,202)</u>	<u>4,269,634</u>
Total equity		<u>(1,808,945)</u>	<u>8,159,891</u>
Total liabilities and equity		<u><u>8,923,463</u></u>	<u><u>15,930,800</u></u>

The financial statements on pages 30 to 66 were authorised for issue by the board of directors on 19 MAY 2023 and were signed on its behalf by:


Stephen Sin Mo KOO, Director


Peter Yip Tak CHAN, Director

UNIVISION ENGINEERING LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2022

	<i>Share capital £</i>	<i>Retained earnings £</i>	<i>Special capital reserve "A" £ (Note 1)</i>	<i>Special capital reserve "B" £ (Note 2)</i>	<i>Translation reserve £</i>	<i>Total £</i>
Balance at 1 April 2020	<u>3,890,257</u>	<u>2,450,336</u>	<u>155,876</u>	<u>143,439</u>	<u>2,066,230</u>	<u>8,706,138</u>
Profit for the year	-	563,354	-	-	-	563,354
Other comprehensive loss, net of tax						
Exchange difference arising on translation of financial statements	-	-	-	-	(901,758)	(901,758)
Total comprehensive loss	-	563,354	-	-	(901,758)	(338,404)
Dividend paid in respect of year 2020 (Note 15)	-	(207,843)	-	-	-	(207,843)
Total transactions with owners, recognised directly in equity	-	(207,843)	-	-	-	(207,843)
Balance at 31 March 2021	<u>3,890,257</u>	<u>2,805,847</u>	<u>155,876</u>	<u>143,439</u>	<u>1,164,472</u>	<u>8,159,891</u>
Loss for the year	-	(10,265,495)	-	-	-	(10,265,495)
Other comprehensive loss, net of tax						
Exchange difference arising on translation of financial statements	-	-	-	-	(4,955)	(4,955)
Total comprehensive loss	-	(10,265,495)	-	-	(4,955)	(10,270,450)
Dividend paid in respect of year 2021 (Note 15)	-	(93,952)	-	-	-	(93,952)
Capital contribution from a shareholder	-	395,566	-	-	-	395,566
Total transactions with owners, recognised directly in equity	-	301,614	-	-	-	301,614
Balance at 31 March 2022	<u>3,890,257</u>	<u>(7,158,034)</u>	<u>155,876</u>	<u>143,439</u>	<u>1,159,517</u>	<u>(1,808,945)</u>

The currency translation from Hong Kong Dollar to the presentation currency of Sterling Pound of these financial statements has no impact on the available distributable reserves of the Company as at 31 March 2022 and 2021.

Notes:

1. Special capital reserve "A"

Pursuant to the Order of the High Court dated 20 November 2004, any future recoveries of the Company's accumulated provision for obsolete inventories and provision for bad debts amounting to HK\$1,935,002 and HK\$3,592,540 respectively will be credited to non-distributable special capital reserve "A" account.

2. Special capital reserve "B"

By a special resolution passed on 30 July 2004 and pursuant to the Order of the High Court dated 20 November 2004, the authorised and issued capital of the Company was reduced from HK\$159,245,000 (divided into 31,849 ordinary shares of HK\$5,000 each) to HK\$16,405,000 (divided into 3,281 ordinary shares of HK\$5,000 each). The reduction of capital was effected by cancellation of 28,568 ordinary shares of HK\$5,000 each in the issued and paid up share capital of the Company. The Company established a non-distributable special capital reserve "B" account into which HK\$2,071,307 was credited as a result of the capital reduction.

UNIVISION ENGINEERING LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
(Loss)/profit before income tax		(10,265,495)	563,354
Adjustments for:			
Impairment loss on assets	10	4,756,101	-
Interest expense on bills payable and factoring	12	64,612	49,479
Interest expense on bank borrowings	12	40,896	12,805
Interest expense on bank overdraft	12	26,310	4,682
Interest on lease liabilities	12	14,890	7,043
Interest income	8	(73,621)	(26,773)
Depreciation of plant and equipment	16	57,177	55,607
Depreciation of right-of-use assets	17	164,630	173,933
Inventories written-off	9	-	32,787
Gain on lease modification		-	(122)
Gain on disposal of plant and equipment	9	(3,202)	-
Operating cash flows before working capital changes		(5,217,702)	872,795
Changes in operating assets and liabilities:			
Prepayments and deposits		19,439	(17,191)
Inventories		(2,904,670)	(721,932)
Trade and other receivables	35	740,532	640,552
Contract assets		5,107,048	(2,978,477)
Amounts due from related companies		856,397	(5,959)
Restricted bank deposits		(320,423)	-
Trade and other payables		1,223,289	1,834,113
Contract liabilities		(22,169)	409,884
Net cash (used in)/generated from operating activities		(518,259)	33,785
Cash flows from investing activities			
Interest received	8	73,621	26,773
Purchase of plant and equipment		(91,147)	(32,048)
Investment in an associate		-	(5)
Proceeds from disposal of plant and equipment		7,534	-
Deposits placed for life insurance policies		(938,917)	-
Net cash used in investing activities		(948,909)	(5,280)
Cash flows from financing activities			
Bank interest paid	12	(131,818)	(66,966)
Dividend paid to shareholders of the Company	15, 35	(29,677)	(65,653)
New bank loans	31	2,473,948	-
Repayment of bank loans	31	(964,474)	(54,355)
Capital element of lease liabilities paid	31	(158,804)	(177,430)
Interest element of lease liabilities paid	31	(14,890)	(7,043)
Net cash generated from/(used in) financing activities		1,174,285	(371,447)
Net decrease in cash and cash equivalents		(292,883)	(342,942)
Cash and cash equivalents at beginning of year		284,354	679,186
Effect of foreign exchange rate changes, net		11,279	(51,890)
Cash and cash equivalents at end of year	23	2,750	284,354

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. GENERAL INFORMATION

UniVision Engineering Limited (the “Company”) is incorporated in Hong Kong with limited liability and its shares are listed on the AIM of the London Stock Exchange. The address of the Company’s registered office is Unit 201, 2/F., Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

These financial statements are presented in Sterling Pound (“£”), which is the presentation currency of the Company.

The Company is mainly engaged in the supply, design, installation and maintenance of closed circuit television and surveillance systems and the sale of security system related products in Hong Kong.

2. BASIS OF PREPARATION

Compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board. The measurement basis used in the preparation of these financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and key sources of estimation uncertainty are discussed in note 5 to the financial statements.

Adoption of going concern basis

The Company reported a loss of £10,265,495 for the year ended 31 March 2022. As at 31 March 2022, the Company’s equity attributable to the owners of the Company amounted to a deficit of £1,808,945 and its current liabilities exceeded its current assets by £4,030,769. The Company’s bank borrowings were collateralised by its deposits placed for life insurance policies of £1,865,308 and accounts receivable of £381,812. The Company had total unrestricted cash and bank balances of £2,750.

As disclosed in note 33 to the financial statements, the Company was in breach of certain covenants in connection with its banking facilities. Furthermore, as disclosed in note 34 to the financial statements, the Company was the defendant of several litigations during the year and subsequent to 31 March 2022. In June 2022, as described in note 36 to the financial statements, the Company received a formal notice of termination of its contract with MTR Corporation Ltd (“MTRC”) for the replacement works of the CCTV System for MTRC’s railway lines in Hong Kong, for alleged breach of contract. The termination of MTRC contract represented a significant loss of future revenue and profitability of the Company.

The above conditions indicate the existence of material uncertainties which cast significant doubt regarding the Company’s ability to continue as a going concern. In view of such circumstances, management of the Company has given careful consideration to the future liquidity and performance of the Company and its available sources of financing in assessing whether the Company will have sufficient financial resources to continue as a going concern. Certain plans and measures have been or will be taken by management to mitigate the Company’s liquidity pressure and to improve its cashflows which include, but are not limited to, the following:

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

2. BASIS OF PREPARATION (CONTINUED)

Adoption of going concern basis (continued)

- In October 2022, the Company obtained a loan of HK\$12 million from a third party for short-term financing purpose;
- A potential investor has agreed to provide financial support to the Company to maintain its normal operation. In addition, the potential investor has provided a standby unconditional facility of HK\$20 million to the Company of which the Company will be able to drawdown the facility to fulfil its financial needs;
- The Company has been actively negotiating with the bank on its banking facilities;
- The winding-up petitions against the Company (Note 34) were dismissed subsequently in year 2023;
- The Company is taking measures to tighten controls over various costs; and
- With the financial assistance from the potential investor, the Company has resumed a part of its business. The Company will continue to actively enhance its market position by expanding its customer base with the aim to attain profitable and positive cash flow operations in the coming financial year.

The directors of the Company have reviewed the Company's cash flow projections prepared by management, which cover a period of not less than twelve months from the date of this report. The directors are of the opinion that, taking into account the abovementioned plans and measures, the Company will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Company fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these financial statements.

3. APPLICATION OF NEW AND REVISED IFRSs

(a) Initial application of new and revised IFRSs

In the current year, the Company initially applied the following IFRSs:

Amendments to IFRS 16	COVID-19-Related Rent Concession
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform - Phase 2

The initial application of these amendments does not necessitate material changes in the Company's accounting policies and retrospective adjustments of the comparatives presented in these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

3. APPLICATION OF NEW AND REVISED IFRSs (CONTINUED)

(b) IFRSs in issue but not yet effective

The following IFRSs in issue at 31 March 2022 have not been applied in the preparation of these financial statements since they were not yet effective for the annual period beginning on 1 April 2021:

IFRS 17	Insurance Contracts ¹
Amendments to IFRS 3	Definition of Business ¹
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract ¹
Annual Improvements to IFRSs 2018-2020 Cycle	Revised Conceptual Framework for Financial Reporting ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 8	Definition of Accounting Estimates ²
Amendments to IAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for the Company's annual financial statements beginning on 1 April 2022

² Effective for the Company's annual financial statements beginning on 1 April 2023

³ Effective for the annual periods beginning on or after a date to be determined

The Company is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incurs expenses, including revenue and expenses that relate to transactions with other components of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

4.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"), which is Hong Kong Dollar ("HK\$"). These financial statements are presented in Sterling Pound ("£"), which is the Company's presentation currency. As the Company is listed on the AIM, the directors consider that this presentation is more useful for its current and potential investors.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-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 and qualifying net investment hedges.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives as follows:

Furniture and fixtures	3 - 5 years
Computer equipment	2 - 5 years
Leasehold improvement	3 - 5 years
Motor vehicles	3 years

Fully depreciated plant and equipment are retained in the financial statements until the items are no longer in use.

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

4.4 Interest in an associate

Associate is an entity in which the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting. Under the equity method, interest in an associate is initially recorded at cost, adjusted for any excess of the Company's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment. The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Company's equity investment. Thereafter, the investment is adjusted for post-acquisition changes in the Company's share of the investee's net assets and any impairment loss relating to the investment. When the Company's share of losses of the associates equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investments in the associates), the Company discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of that associate.

Unrealised profits and losses resulting from transactions between the Company and its associates are eliminated to the extent of the Company's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

4.5 Impairment of non-financial assets

The carrying amounts of non-current assets, including plant and equipment and right-of-use assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Impairment of non-financial assets (continued)

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds the recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

4.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and comprises design costs, raw materials, direct labour, other direct costs and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.7 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4.7.1 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Financial instruments (continued)

4.7.1 Financial assets (continued)

Impairment of financial assets

The Company recognises a loss allowance for ECL on financial assets and other assets which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Company always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. For all other instruments, the Company measures the loss allowance equals to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Company considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at fair value through other comprehensive income (recycling), for which the loss allowances are recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Financial instruments (continued)

4.7.1 Financial assets (continued)

Impairment of financial assets (continued)

At each reporting date, the Company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

4.7.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

4.7.3 Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Financial instruments (continued)

4.7.3 Derecognition (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.7.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

4.9 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as liabilities in the financial statements in the period in which the dividends are approved by the shareholders or directors, where appropriate.

4.10 Revenue recognition

Revenue from contracts with customers

The Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates or enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Company's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Revenue recognition (continued)

Revenue from contracts with customers (continued)

A contract liability represents the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (provision of design and installation services and sales of goods), the Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Company would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Company estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depicts the Company's performance in transferring control of goods or services.

Service revenue from supply, design and installation of closed circuit television and surveillance systems is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation using input method as the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

Service revenue from maintenance contracts is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company. Revenue is recognised on a straight-line basis because the Company's inputs are expended evenly throughout the performance period.

Trading income is recognised at a point in time when the customer obtains control of the distinct good.

4.11 Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Leases (continued)

As a lessee (continued)

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation (Note 17) and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to 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.

The Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

4.12 Employee benefits

Employee benefits comprise short-term employee benefits and contributions to defined contribution retirement plans.

Short-term employee benefits, including salaries, annual bonuses, paid annual leave and leave passage, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the defined contribution scheme are charged to profit or loss when incurred.

4.13 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant related to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Income tax

Income tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, 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 liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or a 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.15 Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

4.16 Events after the reporting period

Events after the reporting period that provide additional information about the Company at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Related parties

A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or the Company's parent.

An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in the above paragraph.
- (vii) A person identified in (i) of the above paragraph has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Going concern consideration

In the process of applying the Company's accounting policies, apart from those involving estimations, management has prepared the financial statements on the assumption that the Company will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Company has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in Note 2 to the financial statements.

Revenue recognition on service contracts

The Company recognises revenue on service contracts from supply, design and installation of closed circuit television and surveillance systems by reference to the progress towards complete satisfaction of the relevant performance obligation using the input method, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management regularly discusses with the project team in order to review and revise the estimates of the total contract costs and stage of completion of the work performed to date with reference to the performance and status of corresponding service contract work. Accordingly, revenue recognition on service contracts involves a significant degree of management estimates and judgment, with estimates being made to assess the total contract costs and contract costs incurred for work performed to date.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Revenue recognition on service contracts (continued)

The management reviews and revises the estimates of total contract costs and contract costs incurred for work performed to date as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Estimated provision of ECL for receivables measured at amortised cost and contract assets

The management of the Company estimates the amount of impairment loss for ECL on receivables measured at amortised cost and contract assets based on the credit risk of these assets. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

The provision of ECL is sensitive to changes in estimates.

Income taxes

The Company is subject to profits tax in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As at 31 March 2022, the Company has unused tax losses of approximately £6,074,000 (2021: £1,452,000) available for offset against future profits and no deferred tax asset has been recognised thereon. In cases where there are future profits generated to utilise the tax losses, a material deferred tax asset may arise, which would be recognised in the statement of profit or loss and other comprehensive income for the period in which such a recognition takes place.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 £	2021 £
Financial assets		
Amounts due from related companies	-	2,842,805
Deposits placed for life insurance policies	1,865,308	862,476
Trade and other receivables	906,368	1,670,272
Cash and bank balances	<u>323,173</u>	<u>284,354</u>
Financial liabilities		
Trade and other payables	6,643,457	5,179,172
Amount due to a related company	-	393,074
Bank borrowings	2,141,675	561,535
Lease liabilities	<u>336,770</u>	<u>64,883</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

Details of the Company's major financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity risk. The policies on how these risks are mitigated are set out below. The Company's management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Market risk

Currency risk

The Company has foreign currency transactions and foreign currency denominated financial assets and liabilities, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated financial assets and liabilities at the end of each reporting period are as follows:

	<i>Assets</i>		<i>Liabilities</i>	
	2022	2021	2022	2021
	£	£	£	£
Renminbi	-	5,178	615,281	571,306
United States dollar	1,876,403	869,314	773,687	598,596

The Company currently does not have any policy on hedges of foreign currency risk. However, the management monitors the foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

The following table details the Company's sensitivity to a 5% increase and decrease in Sterling Pound against the relevant foreign currencies with all other variables held constant. 5% (2021: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated financial instruments and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in foreign currency rates. "+" represents an increase and "-" represents a decrease in the amount.

	2022	2021
	£	£
Renminbi		
Post-tax (loss)/profit for the year	-/+ 30,764	+/- 28,306
United States dollar		
Post-tax (loss)/profit for the year	+/- 55,136	-/+ 13,536

Interest rate risk

The Company is exposed to fair value interest rate risk in relation to its deposits placed for life insurance policies. The Company is exposed to cash flow interest rate risk due to fluctuation of the prevailing market interest rate on bank borrowings which carry interest at prevailing market interest rates as shown in notes 27 and 33 to the financial statements.

The Company currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Company's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Interest rate risk (continued)

The sensitivity analysis below has been determined based on the change in interest rates and the exposure to interest rates for the non-derivative financial liabilities at the end of the reporting period and on the assumption that the amount outstanding at the end of the reporting period was outstanding for the whole year and held constant throughout the financial year. The 25 basis points increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next fiscal year. The analysis is performed on the same basis for 2021.

For the year ended 31 March 2022, if interest rates had been 25 basis points higher/lower with all other variables held constant, the Company's post-tax loss (2021: profit) for the year would increase/decrease (2021: decrease/increase) by approximately £6,400 (2021: £4,600).

(ii) Credit risk

At 31 March 2022, the Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

In order to minimise credit risk, the management has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis. Credit evaluations of the counterparties' financial position and conditions are performed on each and every major debtor periodically.

The Company measures ECLs for trade and other receivables and contract assets at an amount calculated using a provision matrix, details of which are set out in notes 21 and 22 to the financial statements. At the end of the reporting period, the Company had concentrations of credit risk where trade and other receivables balance of the Company's largest external customer exceeds 10% of the total trade and other receivables at the end of the reporting period.

The credit risk on deposits placed for life insurance policies and liquid funds is limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit rating agencies.

The Company's exposure credit risk is considered limited.

(iii) Liquidity risk

The Company is responsible for its own cash management, including the raising of loans to cover the expected cash demands. In managing liquidity risk, the Company's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from the financial institutions and potential investor to meet its liquidity requirements in the short and longer term. At 31 March 2022, the Company's banking facilities amounted to £4,440,541 (2021: £3,837,155) and the unused facilities were £1,873,458 (2021: £2,003,387).

The following table details the contractual maturities of the Company's non-derivative financial liabilities at the end of each reporting period, which is based on the undiscounted cash flows and the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

2022						
	<i>Weighted average effective interest rate %</i>	<i>Within 1 year or on demand £</i>	<i>More than 1 year but less than 2 years £</i>	<i>More than 2 years but less than 5 years £</i>	<i>Total undiscounted cash flows £</i>	<i>Carrying amount at 31 March 2022 £</i>
Trade and other payables	5 *	6,643,457	-	-	6,643,457	6,643,457
Bank borrowings	2.42	2,268,906	-	-	2,268,906	2,141,675
Lease liabilities	5.125	214,087	127,956	10,695	352,738	336,770
		<u>9,126,450</u>	<u>127,956</u>	<u>10,695</u>	<u>9,265,101</u>	<u>9,121,902</u>

2021						
	<i>Weighted average effective interest rate %</i>	<i>Within 1 year or on demand £</i>	<i>More than 1 year but less than 2 years £</i>	<i>More than 2 years but less than 5 years £</i>	<i>Total undiscounted cash flow £</i>	<i>Carrying amount at 31 March 2021 £</i>
Trade and other payables	5 *	5,179,172	-	-	5,179,172	5,179,172
Amount due to a related company	Nil	-	393,074	-	393,074	393,074
Bank borrowings	1.61	562,280	-	-	562,280	561,535
Lease liabilities	5.125	44,744	23,276	-	68,020	64,883
		<u>5,786,196</u>	<u>416,350</u>	<u>-</u>	<u>6,202,546</u>	<u>6,198,664</u>

* Represents interest rate applicable to bills payable. Other items of trade and other payables are interest-free.

(c) Fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these financial statements approximate their fair values at the end of the reporting period.

(d) Capital risk management

The primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively and regularly reviews and manages the capital structure to maintain a balance between the higher shareholder returns that might be possible with a higher level of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Company monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose, net debt is defined as total debt less bank deposits and cash and cash equivalents. Adjusted capital comprises all components of equity less proposed dividends but not yet accrued.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

6. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital risk management (continued)

The strategy during 2022, which is unchanged from 2021, is to maintain the net debt-to-adjusted capital ratio as low as feasible. In order to maintain or adjust the ratio, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The net debt-to-adjusted capital ratio of the Company at the end of the reporting period is as follows:

	2022 £	2021 £
Total liabilities	10,732,408	7,770,909
Cash and bank balances	<u>(323,173)</u>	<u>(284,354)</u>
Net debt	<u>10,409,235</u>	<u>7,486,555</u>
Total equity	<u>(1,808,945)</u>	<u>8,159,891</u>
Net debt-to-adjusted capital ratio	<u>N/A</u>	<u>92%</u>

7. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, being the chief executive officer, that are used to make strategic decisions.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company has a single reportable operating segment in security and surveillance business for the years ended 31 March 2022 and 2021.

(a) Segment revenues and results

The following is an analysis of the Company's revenue and results by operating segment:

	2022 £	2021 £
Segment revenue by major products and services		
- Construction contracts	3,449,207	9,048,983
- Maintenance contracts	478,192	1,650,094
- Product sales	<u>35,169</u>	<u>246,210</u>
Revenue from contracts with customers and external customers	<u>3,962,568</u>	<u>10,945,287</u>
Segment (loss)/profit	(10,118,787)	637,363
Finance costs	<u>(146,708)</u>	<u>(74,009)</u>
(Loss)/profit before income tax	<u>(10,265,495)</u>	<u>563,354</u>

(b) Information about major customers

Revenue of approximately £1,818,042 (2021: £8,622,281) is derived from one external customer (2021: one external customer), who contributed to 10% or more of the Company's revenue in 2022 and 2021.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

8. OTHER INCOME

	2022	2021
	£	£
Interest income	73,621	26,773
Government grants - Note	-	392,936
Sundry income	924	2,851
	<u>74,545</u>	<u>422,560</u>

Note:

Government grants represent the approved amount of wage subsidies under the Employment Support Scheme launched by the HKSAR Government and subsidies received from the Anti-Epidemic Fund of the HKSAR Government.

9. OTHER GAINS AND LOSSES, NET

	2022	2021
	£	£
Foreign exchange gain/(loss), net	3,298	(689)
Gain on disposal of plant and equipment	3,202	-
Inventories written-off	-	(32,787)
	<u>6,500</u>	<u>(33,476)</u>

10. EXPENSES BY NATURE

(a) Cost of sales, selling and distribution, administrative expenses

	2022	2021
	£	£
Cost of inventories recognised as expenses	2,869,723	5,975,575
Sub-contracting costs	2,036,477	1,341,994
Depreciation – Plant and equipment	57,177	55,607
Depreciation – Right-of-use assets	164,630	173,933
Selling and distribution cost	3,193	3,189
Short-term lease expenses	56,246	86,680
Other expenses	750,125	437,568
Staff costs, including directors' remuneration		
- Wages and salaries	2,249,025	2,494,170
- Pension scheme contributions	94,767	102,388
	2,343,792	2,596,558
Auditor's remuneration		
- Audit services	24,751	25,904
Total cost of sales, selling and distribution, administrative expenses	<u>8,306,114</u>	<u>10,697,008</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

10. EXPENSES BY NATURE (CONTINUED)

(b) Impairment loss on assets

	2022 £	2021 £
Impairment loss on amounts due from related companies	2,004,429	-
Impairment loss on contract assets	543,685	-
Allowance of obsolete inventories	2,207,987	-
	<u>4,756,101</u>	<u>-</u>
Impairment loss on assets	<u>4,756,101</u>	<u>-</u>

11. DIRECTORS' REMUNERATION

Directors' remuneration for the year is as follows:

	<i>Salaries, bonuses and allowances</i> £	<i>Pension scheme contributions</i> £	2022 £
Executive directors			
Stephen Sin Mo KOO	-	-	-
Peter Yip Tak CHAN	71,297	1,695	72,992
Edward Keung Hung LI	19,705	424	20,129
Danny Kwok Fai YIP	66,603	1,695	68,298
Ivan Chi Hung CHAN	59,900	1,695	61,595
	<u>217,505</u>	<u>5,509</u>	<u>223,014</u>
Non-executive directors			
Nicholas James LYTH	10,737	-	10,737
Ivor Colin SHRAGO	13,562	-	13,562
	<u>24,299</u>	<u>-</u>	<u>24,299</u>
	<u>241,804</u>	<u>5,509</u>	<u>247,313</u>

Messrs. Edward Keung Hung LI, Danny Kwok Fai YIP, Ivan Chi Hung CHAN, Nicholas James LYTH and Ivor Colin SHRAGO resigned as the Company's directors on 1 July 2021, 14 December 2022, 1 August 2022, 17 January 2022 and 23 November 2022 respectively.

	<i>Salaries, bonuses and allowances</i> £	<i>Pension scheme contributions</i> £	2021 £
Executive directors			
Stephen Sin Mo KOO	-	-	-
Peter Yip Tak CHAN	79,555	1,773	81,328
Edward Keung Hung LI	49,384	1,330	50,714
Danny Kwok Fai YIP	74,317	1,773	76,090
Ivan Chi Hung CHAN	49,800	1,330	51,130
	<u>253,056</u>	<u>6,206</u>	<u>259,262</u>
Non-executive directors			
Nicholas James LYTH	14,183	-	14,183
Ivor Colin SHRAGO	14,183	-	14,183
	<u>28,366</u>	<u>-</u>	<u>28,366</u>
	<u>281,422</u>	<u>6,206</u>	<u>287,628</u>

Messrs. Edward Keung Hung LI and Ivan Chi Hung CHAN were appointed as the Company's directors on 24 June 2021.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12. FINANCE COSTS

	2022 £	2021 £
Interest expense on bills payable and factoring	64,612	49,479
Interest expense on bank borrowings	40,896	12,805
Interest expense on bank overdraft	26,310	4,682
Interest on lease liabilities	14,890	7,043
	<u>146,708</u>	<u>74,009</u>

13. INCOME TAX

(a) Income tax in the statement of profit or loss and other comprehensive income

No provision for Hong Kong profits tax has been accrued in these financial statements as the Company has unused tax losses brought forward to offset against its taxable profit for the year.

Reconciliation between income tax and (loss)/profit before income tax is as follows:

	2022 £	2021 £
(Loss)/profit before income tax	<u>(10,265,495)</u>	<u>563,354</u>
Notional tax on (loss)/profit before income tax, calculated at Hong Kong profits tax rate of 16.5%	(1,693,807)	92,953
Tax effect of non-taxable income	(1,143)	(64,835)
Tax effect of non-deductible expenses	977,897	13,133
Tax effect of temporary differences not recognised	(12,635)	(6,595)
Tax effect of unused tax losses not recognised	729,688	-
Utilisation of unrecognised tax losses	<u>-</u>	<u>(34,656)</u>
Income tax	<u>-</u>	<u>-</u>

(b) Deferred tax

At 31 March 2022, the Company's significant temporary difference included unused tax losses of £6,074,072 (2021: £1,452,190) available for offset against future taxable profits. No deferred tax asset has been recognised due to the uncertainty of future profit streams.

	2022 £	2021 £
Balance at beginning of year	1,452,190	1,838,451
Adjusted loss for the year	4,422,353	-
Set-off against assessable profit for the year	-	(210,035)
Foreign exchange difference	<u>199,529</u>	<u>(176,226)</u>
Balance at end of year	<u>6,074,072</u>	<u>1,452,190</u>

No provision for deferred tax liabilities has been made in the financial statements as the tax effect of temporary differences arising from depreciation allowances is immaterial to the Company.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

14. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to the equity shareholders of the Company for the year of £10,265,495 (2021: profit attributable to the equity shareholders of the Company of £563,354), and the weighted average of 383,677,323 (2021: 383,677,323) ordinary shares in issue during the year.

There were no potential dilutive instruments at either financial year end.

15. DIVIDENDS

- (i) Dividends payable to equity shareholders of the Company attributable to the year:

	2022 £	2021 £
No final dividend proposed after the reporting period (2021: 0.26 HK cents, equivalent to 0.0243 pence, per ordinary share)	~	93,361

The final dividend proposed after the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2022 £	2021 £
Final dividend in respect of the previous financial year, approved and paid during the year, of 0.26 HK cents, equivalent to 0.0243 pence, per ordinary share (2021: 0.55 HK cents, equivalent to 0.05417 pence per ordinary share)	93,952	207,843

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NOTES TO THE FINANCIAL STATEMENTS
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16. PLANT AND EQUIPMENT

	<i>Furniture and fixtures</i> £	<i>Computer equipment</i> £	<i>Motor vehicles</i> £	<i>Leasehold improvement</i> £	<i>Total</i> £
Cost					
At 1 April 2020	186,969	121,975	122,438	-	431,382
Additions	15,310	16,738	-	-	32,048
Foreign translation difference	(19,747)	(13,220)	(12,433)	-	(45,400)
At 31 March 2021	182,532	125,493	110,005	-	418,030
Additions	5,967	4,871	55,078	25,231	91,147
Disposal	-	-	(21,662)	-	(21,662)
Foreign translation difference	7,292	5,039	5,359	817	18,507
At 31 March 2022	195,791	135,403	148,780	26,048	506,022
Accumulated depreciation					
At 1 April 2020	94,378	101,400	100,483	-	296,261
Charge for the year	31,755	12,155	11,697	-	55,607
Foreign translation difference	(11,165)	(10,901)	(10,786)	-	(32,852)
At 31 March 2021	114,968	102,654	101,394	-	319,016
Charge for the year	30,652	12,886	8,463	5,176	57,177
Disposal	-	-	(17,330)	-	(17,330)
Foreign translation difference	5,463	4,408	3,658	168	13,697
At 31 March 2022	151,083	119,948	96,185	5,344	372,560
Net book value					
At 31 March 2022	44,708	15,455	52,595	20,704	133,462
At 31 March 2021	67,564	22,839	8,611	-	99,014

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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17. RIGHT-OF-USE ASSETS

	<i>Motor vehicle</i> £	<i>Leasehold properties</i> £	<i>Total</i> £
Cost			
At 1 April 2020	-	462,339	462,339
Additions	35,163	-	35,163
Expiry of lease arrangements	-	(283,310)	(283,310)
Lease modification	-	(60,539)	(60,539)
Foreign translation difference	(1,751)	(29,828)	(31,579)
At 31 March 2021	33,412	88,662	122,074
Additions	-	445,031	445,031
Early termination of lease	(33,624)	-	(33,624)
Foreign translation difference	212	17,844	18,056
At 31 March 2022	-	551,537	551,537
Accumulated depreciation			
At 1 April 2020	-	186,220	186,220
Charge for the year	5,861	168,072	173,933
Expiry of lease arrangements	-	(283,310)	(283,310)
Lease modification	-	(2,523)	(2,523)
Foreign translation difference	(292)	(13,046)	(13,338)
At 31 March 2021	5,569	55,413	60,982
Charge for the year	3,362	161,268	164,630
Early termination of lease	(8,966)	-	(8,966)
Foreign translation difference	35	7,372	7,407
At 31 March 2022	-	224,053	224,053
Net book value			
At 31 March 2022	-	327,484	327,484
At 31 March 2021	27,843	33,249	61,092

The Company has entered into lease agreements to obtain the right to use motor vehicle and properties as its office premises and warehouse and as a result incurred lease liabilities (Note 26). The leases typically run for an initial period of 2 to 5 years.

18. INTEREST IN AN ASSOCIATE

	2022 £	2021 £
Cost of unlisted investment in an associate	<u>5</u>	<u>5</u>

Details of the Company's associate at the end of the reporting period are as follows:

<i>Name of associate</i>	<i>Place of establishment and operation</i>	<i>Issued and paid-up capital</i>	<i>Proportion of ownership interest</i>	<i>Principal activity</i>
Vision Key International Limited	Hong Kong	HK\$100	50%	Inactive

The associate is inactive and the Company did not share any post-acquisition financial results of the associate during the year. The Company appointed one director to the associate's board of directors which consists of three directors. The Company does not control the associate.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19. DEPOSITS PLACED FOR A LIFE INSURANCE POLICY

In April 2019 and April 2021, the Company entered into life insurance policies with an insurance company to insure Mr. Stephen Sin Mo KOO, a Director of the Company. Under the policies, the Company is the beneficiary and policy holder and the total insured sum is US\$5,000,000 (2021: US\$2,500,000). The Company has paid upfront deposits of US\$1,203,528 and US\$1,296,929 respectively. The Company can terminate the policies at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront deposit payments of US\$2,500,457 (2021: US\$1,203,528) plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge ("Cash Value").

In addition, if withdrawal is made between the first to nineteenth policy year, as appropriate, a specified amount of surrender charge would be imposed.

The insurance company will pay the Company an interest of 4.25% per annum on the outstanding Cash Value for the first year. Commencing on the second year, the interest will be at least 2% guarantee interest per annum. The guarantee interest rate is also the effective interest rate for the deposit placed on initial recognition, determined by discounting the estimated future cash receipts through the expected life of the insurance policy, excluding the financial effect of surrender charge.

The deposit placed is carried at amortised cost using the effective interest method. The Directors considered that the possibility of terminating the policy during the first to nineteenth policy year was low and the expected life of the insurance policy remained unchanged since the initial recognition. Accordingly, the difference between the carrying amounts of deposits placed for life insurance policies as at 31 March 2022 and the Cash Value of the life insurance policies are insignificant.

At 31 March 2022, the life insurance policies has been pledged as security for banking facilities granted to the Company (Note 33).

20. INVENTORIES

	2022 £	2021 £
Raw materials	289,461	279,261
Finished goods	4,354,873	1,304,835
Less: allowance for obsolete inventories	<u>(2,279,410)</u>	<u>-</u>
	<u>2,364,924</u>	<u>1,584,096</u>

Provision for obsolete inventories for the year of £2,207,987 on slow-moving inventories is recognised (2021: £Nil). No inventories write-off for the year is recognised (2021: £32,787).

21. TRADE AND OTHER RECEIVABLES

	2022 £	2021 £
Trade receivables	717,763	403,230
Less: allowance for doubtful debts	<u>(61,626)</u>	<u>(59,319)</u>
Trade receivables, net	656,137	343,911
Other receivables	123,153	1,198,861
Deposits and prepayments	<u>164,805</u>	<u>165,717</u>
Total carrying amount	<u>944,095</u>	<u>1,708,489</u>

All of the trade and other receivables are expected to be recovered within one year. At 31 March 2022, trade receivables of £381,812 (2021 : Nil) were pledged as security for banking facilities granted to the Company (Note 33).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Movements in the allowance for doubtful debts:

	2022 £	2021 £
At beginning of year	59,319	66,024
Foreign translation difference	<u>2,307</u>	<u>(6,705)</u>
At end of year	<u><u>61,626</u></u>	<u><u>59,319</u></u>

The ageing analysis of trade receivables, net at the end of the reporting period is as follows:

	2022 £	2021 £
0 to 90 days	606,689	325,415
91 to 365 days	31,152	3,793
Over 365 days	<u>18,296</u>	<u>14,703</u>
	<u><u>656,137</u></u>	<u><u>343,911</u></u>

The Company measures loss allowances for trade receivables at an amount equals to lifetime ECLs, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases.

The following table provides information about the Company's exposure to credit risk and ECLs for trade receivables at the end of the reporting period:

	2022			2021		
	<i>Expected loss rate</i> %	<i>Gross carrying amount</i> £	<i>Loss allowance</i> £	<i>Expected loss rate</i> %	<i>Gross carrying amount</i> £	<i>Loss allowance</i> £
0 to 90 days	-	606,689	-	-	325,415	-
91 to 365 days	-	31,152	-	-	3,793	-
Over 365 days	77	<u>79,922</u>	<u>61,626</u>	80	<u>74,022</u>	<u>59,319</u>
		<u><u>717,763</u></u>	<u><u>61,626</u></u>		<u><u>403,230</u></u>	<u><u>59,319</u></u>

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the periods over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Other receivables

The amount of £58,062 (2021: £284,072) included in other receivable is interest-free, repayable on demand and due from Mr. Stephen Sin Mo KOO, a Director of the Company.

No loss allowance was recognised in profit or loss during the years ended 31 March 2022 and 2021.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

22. CONTRACT ASSETS

	2022 £	2021 £
Supply, design and installation of closed circuit television and surveillance systems services	<u>2,934,194</u>	<u>8,439,488</u>

The contract assets primarily relate to the Company's right to consideration for work completed and not billed because the rights are conditioned on the Company's future performance in achieving specified milestones at the reporting date on the comprehensive architectural services. The contract assets are transferred to trade receivables when the rights become unconditional. The Company typically transfers contract assets to trade receivables upon achieving the specified milestones in the contracts.

Retention monies held by customers for contract works performed at the end of each reporting period are included in contract assets. The Company classifies contract assets as current because the Company expects to realise them in its normal operating cycle.

The Company makes specific provision for contract assets whose credit risk are considered significantly increased or identified as credit-impaired. For remaining balance of contract assets, the Company makes general provision based on ageing analysis and project status.

As at 31 March 2022, the gross amount of contract assets was £3,590,362 (2021: £8,530,832) and the provision of impairment was £656,168 (2021: £91,344).

The following table provides information about the Company's exposure to credit risk and ECLs for contract assets at the end of the reporting period:

	2022			2021		
	<i>Expected loss rate %</i>	<i>Gross carrying amount £</i>	<i>Loss allowance £</i>	<i>Expected loss rate %</i>	<i>Gross carrying amount £</i>	<i>Loss allowance £</i>
Within 3 years	-	2,934,194	-	-	8,439,488	-
Over 3 years	100	<u>656,168</u>	<u>656,168</u>	100	<u>91,344</u>	<u>91,344</u>
		<u>3,590,362</u>	<u>656,168</u>		<u>8,530,832</u>	<u>91,344</u>

Loss allowance was recognised amount of £543,685 (2021 : Nil) in profit or loss during the years ended 31 March 2022.

23. CASH AND BANK BALANCES

(a) Cash at bank and in hand

	2022 £	2021 £
Cash at bank and in hand	<u>323,173</u>	<u>284,354</u>

The balance as at 31 March 2022 included bank balances of £320,423 which were restricted by the bank due to the petition against the Company. The restriction was subsequently released in year 2023.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

23. CASH AND BANK BALANCES (CONTINUED)

(b) Cash and bank balances are denominated in the following currencies:

	2022 £	2021 £
Hong Kong dollar	318,200	273,095
Renminbi	-	5,231
United States dollar	3,511	4,621
Others	1,462	1,407
	<u>323,173</u>	<u>284,354</u>

At 31 March 2022, the effective interest rate on bank deposits was 0.7% (2021: 0.2%) per annum.

24. TRADE AND OTHER PAYABLES

	2022 £	2021 £
<u>Current liabilities</u>		
Trade payables	2,483,253	2,109,753
Bills payable	425,408	1,272,233
Accruals and other payables	3,734,796	1,797,186
	<u>6,643,457</u>	<u>5,179,172</u>
<u>Non-current liabilities</u>		
Due to a related company (Note 30)	-	393,074
	<u>6,643,457</u>	<u>5,572,246</u>

Trade and other payables are expected to be repaid within one year, other than the amount due to a related company.

Bills payable carry interest at annual rate at the Hong Kong Best Lending Rate and are repayable within 90 days.

Accruals and other payables as at 31 March 2022 included the provision for indemnity claimed from an insurance company of £1,135,773 (2021 : Nil).

25. CONTRACT LIABILITIES

	2022 £	2021 £
Supply, design and installation of closed circuit television and surveillance systems services	<u>1,610,506</u>	<u>1,572,245</u>

Contract liabilities represent the Company's obligation to transfer performance obligation to customers for which the Company has received considerations from the customers.

Revenue recognised during the year ended 31 March 2022 that was included in the contract liabilities at the beginning of the year was amounted to £671,753 (2021: £1,316,446).

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

26. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of the current year:

	<i>Present value of minimum lease payments</i>		<i>Minimum lease payments</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Within one year	201,517	42,959	214,087	44,744
In the second to fifth year	135,253	21,924	138,651	23,276
	<u>336,770</u>	<u>64,883</u>	<u>352,738</u>	<u>68,020</u>
Less: Future finance charges			<u>(15,968)</u>	<u>(3,137)</u>
Present value of lease obligation			<u>336,770</u>	<u>64,883</u>

27. BANK BORROWINGS

	<i>2022</i>	<i>2021</i>
	<i>£</i>	<i>£</i>
Revolving loans	<u>2,141,675</u>	<u>561,535</u>

The loans are denominated in Hong Kong Dollar and carry interest at annual rate at range from 1.5% to 2.5% over 1 month Hong Kong Interbank Offered Rate.

Details of securities are disclosed in note 33 to the financial statements.

28. SHARE CAPITAL

	<i>2022</i>	<i>2021</i>
	<i>£</i>	<i>£</i>
Issued and fully paid: 383,677,323 ordinary shares of HK\$55,033,572, translated at historical rate	<u>3,890,257</u>	<u>3,890,257</u>

The Company has one class of ordinary shares which has no par value.

29. EMPLOYEE RETIREMENT BENEFITS

The Company operates a Mandatory Provident Fund scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the Company and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF scheme vest immediately.

Saved as set out above, the Company has no other material obligations to make payments in respect of retirement benefits of the employees.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

30. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of the key management personnel of the Company during the year was as follows:

	2022	2021
	£	£
Salaries, bonus and allowances	<u>308,909</u>	<u>320,660</u>

The remuneration of key management personnel comprises the remuneration of Executive Directors and key executives.

Executive Directors include the Executive Chairman, Chief Executive Officer and Finance Director of the Company. The remuneration of the Executive Directors is determined by the Remuneration Committee having regard to the performance of individuals, the overall performance of the Company and market trends. Further information about the Remuneration Committee and the Directors' remuneration is provided in the Remuneration Report and the Report on Corporate Governance to the Annual Report and note 11 to the financial statements.

Key executives include the Director of Operations, Software Development Manager and Sales Manager of the Company. The remuneration of the key executives is determined by the Executive Directors annually having regard to the performance of individuals and market trends.

Biographical information on key management personnel is disclosed in the Directors' Biographies section of the Annual Report.

Transactions with related parties

- (a) At 31 March 2022, there are balances of £58,062 (2021: £284,072) due from Mr. Stephen Sin Mo KOO respectively, a Director of the Company, which are unsecured, interest-free and repayable on demand (Note 21).
- (b) As at 31 March 2021, there was a balance of £393,074 due to a shareholder, Univision Holdings Limited, which was unsecured and interest-free. This balance was unconditionally waived by the shareholder during the year and the waiver of £395,566 was recorded directly in equity as contribution from a shareholder.
- (c) At 31 March 2022, there are gross receivable balances of £7,685,610 (2021: £8,230,672) and accumulated loss allowance of £7,685,610 (2021: £5,387,867) due from related companies controlled by common shareholders of the Company, which are guaranteed by a shareholder of the Company, interest-free and repayable after 12 months.

Apart from the transactions disclosed above and elsewhere in these financial statements, the Company had no other material transactions with related parties during the year.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

31. CASH FLOWS FROM LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows arising from financing activities.

	<i>Amount due to a related company</i>	<i>Bank borrowings</i>	<i>Lease liabilities</i>	<i>Total</i>
	£	£	£	£
At 1 April 2020	437,500	682,486	284,165	1,404,151
<i>Financing cash flows:</i>				
Repayment of bank loans	-	(54,355)	-	(54,355)
Interest paid	-	(12,805)	-	(12,805)
Capital element of lease liabilities paid	-	-	(177,430)	(177,430)
Interest element of lease liabilities paid	-	-	(7,043)	(7,043)
<i>Other changes:</i>				
New leases	-	-	35,163	35,163
Lease modification	-	-	(58,138)	(58,138)
Interest on lease liabilities	-	-	7,043	7,043
Interest expense on bank borrowings	-	12,805	-	12,805
Foreign translation difference	(44,426)	(66,596)	(18,877)	(129,899)
At 31 March 2021 and 1 April 2021	393,074	561,535	64,883	1,019,492
<i>Financing cash flows:</i>				
New bank loans	-	2,473,948	-	2,473,948
Repayment of bank loans	-	(964,474)	-	(964,474)
Interest paid	-	(40,896)	-	(40,896)
Capital element of lease liabilities paid	-	-	(158,804)	(158,804)
Interest element of lease liabilities paid	-	-	(14,890)	(14,890)
<i>Other changes:</i>				
New leases	-	-	445,031	445,031
Debt forgiveness	(395,566)	-	-	(395,566)
Early termination of lease	-	-	(24,658)	(24,658)
Interest on lease liabilities	-	-	14,890	14,890
Interest expense on bank borrowings	-	40,896	-	40,896
Foreign translation difference	2,492	70,666	10,318	83,476
At 31 March 2022	-	2,141,675	336,770	2,478,445

Amounts included in the statement of cash flows for cash outflows for leases comprise the following:

	<i>2022</i>	<i>2021</i>
	£	£
Within:		
Operating cash flows	56,246	86,680
Financing cash flows	173,694	184,473
	<u>229,940</u>	<u>271,153</u>

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

31. CASH FLOWS FROM LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

These amounts relate to the following:

	2022 £	2021 £
Lease rentals paid	<u>229,940</u>	<u>271,153</u>

32. COMMITMENTS

Capital commitments

At 31 March 2022, the Company did not have any material outstanding capital commitments.

33. BANKING FACILITIES

At 31 March 2022, the banking facilities of the Company included:

- (a) Revolving trade financing facilities amounted to £2,527,953 (equivalent to HK\$26,000,000) and carried annual interest at the Hong Kong Dollars Best Lending Rate with a repayment term of 90 days. At 31 March 2022, the facilities were utilised to the extent of £654,495.
- (b) Straight line loans facilities amounted to £1,152,980 which were fully utilised.
- (c) Straight line loans facilities amounted to £759,608 which were fully utilised.

The above facilities were subject to the fulfilment of certain covenants including, inter alia, the maintenance of the Company's adjusted tangible net worth and the capped amount due from the Company's related parties. In addition, the revolving trade financing facilities were secured by the Company's accounts receivable of £381,812 and the straight line loans facilities in (b) above were secured by the deposits placed for life insurance policies of £1,865,308.

The Company did not maintain the minimum adjusted tangible net worth as requested by the bank as at 31 March 2022 and had breached the related covenant. All the utilised bank facilities are classified under current liabilities in the Company's statement of financial position as at 31 March 2022. The Company is actively negotiating with the bank on its banking facilities and so far, no action has been taken against the Company.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

33. BANKING FACILITIES (CONTINUED)

At 31 March 2021, the banking facilities of the Company included:

- (a) Revolving trade financing facilities amounted to £2,433,318 (equivalent to HK\$26,000,000) and carried annual interest at the Hong Kong Dollars Best Lending Rate with a repayment term of 90 days. At 31 March 2021, the facilities were utilised to the extent of £1,272,233.
- (b) Straight line loans facilities amounted to £561,535 which were fully utilised.
- (c) Straight line loans facilities amounted to £842,302 (equivalent to HK\$9,000,000) which were not utilised.

The above facilities were subject to the fulfilment of certain covenants including, inter alia, the maintenance of the Company's adjusted tangible net worth and the capped amount due from the Company's related parties. In addition, the straight line loans facilities in (b) above were secured by the deposits placed for life insurance policies of £862,476. The Company did not breach any of the facilities covenants as at 31 March 2021.

The Company regularly monitors its compliance with these covenants. Further details of the Company's management of liquidity risk are set out in note 6(b)(iii) to the financial statements.

34. LITIGATIONS

The Company was the defendant of the following litigations during the year ended 31 March 2022:

- (a) On 14 December 2020, the Company received a writ of summons stating that it is being sued by Dimension Data China Hong Kong Limited ("Dimension Data"), and Dimension Data was alleging breach of contract on part of the Company and claiming against the Company for liquidated damages that Dimension Data had thereby suffered in the amount of approximately HK\$10,954,000 plus pre-judgment and post-judgment interest and legal costs. The Company, on the other hand, is defending the claim by alleging wrongful breach and thus repudiation of the said sub-contract by Dimension Data and counter-claiming against Dimension Data for loss and damages to be assessed and legal costs. The Company and Dimension Data have attempted mediation without forthcoming prospect of amicable out-of-court settlement, whereas these proceedings have entered the stage of case management towards trial.

The Company is of the opinion that the claim is highly opportunistic and without merit and the management intends to defend this claim rigorously.

- (b) As announced by the Company on 4 January 2022, the Company has received a petition that has been brought by one of its sub-contractors, namely, T&P Solutions Limited ("T&P") in the High Court in Hong Kong; alleging outstanding debts owed by the Company of approximately HK\$5,956,000 (approximately £565,280) in relation to contractual agreements between the Company and T&P. T&P has presented the petition ("the Petition") for the Company to be wound up pursuant to certain sections of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in Hong Kong. The Company intended to defend and oppose the Petition. Further, the Company has a cross claim against T&P, inter alia, for breach of contract and non-performance and it intends to claim damages for the same. The first hearing has been conducted on 2 March 2022 that the Company defended and opposed the Petition. The Court hearing in respect of the Winding up petition was adjourned to be heard on 18 October 2022.

The petition was subsequently dismissed by the High Court in Hong Kong on 18 October 2022. Costs have been awarded to the Company on an indemnity basis.

Several additional litigations were brought against the Company subsequent to 31 March 2022, details of which are set out in note 36 to the financial statements.

UNIVISION ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

35. MAJOR NON-CASH TRANSACTION

During the year, the final dividend for the year ended 31 March 2021 payable to the shareholder, Mr. Stephen Sin Mo KOO, of £64,275 (2021: £142,190) was set-off against with other receivables.

36. EVENTS AFTER THE REPORTING PERIOD

- (a) In June 2022, the Company has received formal notice of termination of its contract with MTR Corporation Limited ("MTRC"), for the replacement works of the CCTV systems for MTRC's railway lines in Hong Kong, for alleged breach of contract.

The Company has called for meetings with MTRC to clarify and quantify the unbilled work done including equipment, work done, testing in progress, system development and etc.,. The final position is to be verified by joint inspection performed by the Company and MTRC.

- (b) On 22 June 2022, the Company has received a demand for indemnity of HK\$11,681,430.27 by Berkshire Hathaway Specialty Insurance Company ("Berkshire Insurance") in terms of a surety bond facility for the Major Contract with MTRC. Berkshire Insurance has paid the same amount to MTRC on 13 July 2022 and demanded the Company to pay back per the guarantee agreement. The Company has made full provision for the indemnity amount in the financial statements. The Company is in the final stage of the negotiation with Berkshire Insurance to settle this amount by instalment.

- (c) As announced on 13 December 2022, the Company has received a petition that has been brought by one of its equipment suppliers for the contract with MTRC, namely, Synnex Technology International (HK) Limited ("Synnex"), in the High Court in Hong Kong. The Petition alleges outstanding debts owed by the Company of HK\$12,945,834 to Synnex in respect of equipment supplied to the Company. Synnex has presented the Petition for the Company to be wound up pursuant to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) in Hong Kong.

The Company has reached a settlement agreement with Synnex. The petition has been dismissed by the High Court in Hong Kong on 13 February 2023.

- (d) On 17 October 2022, E-Star Engineering Company, one of the Company's subcontractors, claimed a total amount of approximately HK\$1,739,000 together with interest and legal costs against the Company. On 24 April 2023, the Court has made an Order for E-Star Engineering Company to enter summary judgment against the Company in these proceedings regarding the principal sum of approximately HK\$1,503,000 with interest accrued. By the same Order, the Company has been granted unconditional leave to defend against E-Star Engineering Company residual claim of approximately HK\$213,00 (the "Residual Claim"). These proceedings are now pending the filing of E-Star Engineering Company's Amended Statement of Claim as regards the Residual Claim.
- (e) On 9 November 2022, KML Engineering Limited, one of the Company's subcontractors, claims a total amount of approximately HK\$4,115,000 together with interest and legal costs on 9 November 2022. The Company has filed a partial admission in the amount of approximately HK\$2,097,000 which has been accepted by KML Engineering Limited in satisfaction of its whole claim. The Company has agreed with KML Engineering Limited to settle the amount by installments.
- (f) On 28 December 2022, Hang Cheong Engineering Limited, one of the Company's subcontractors, claimed a total amount of approximately HK\$806,000 together with interest and legal costs. The Company has filed an admission on the full amount as claimed by Hang Cheong Engineering Limited. The Company is in negotiation with Hang Cheong Engineering Limited on the settlement plan.
- (g) A statutory demand dated 1 February 2023 was served by General Resources Company (HK) Limited for the claimed amount of approximately HK\$1,163,000. The Company has reached a settlement agreement with General Resources Company (HK) Limited of the outstanding sub-contracting fee and hence no legal proceedings have been commenced against the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2022 Annual General Meeting (AGM) of UniVision Engineering Limited will be held at UniVision Engineering Limited, Unit 201, 2/F., Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong on 9 June 2023 at 5:00 p.m. The following businesses will be transacted then:

As ordinary business:

1. To receive and adopt the Company's audited financial statements for the financial year ended 31 March 2022 together with the Directors' Report and the Independent Auditor's Report;
2. To re-elect Mr. Stephen Sin Mo KOO who retired by rotation, as a Director of the Company;
3. To re-elect Mr. Peter Yip Tak CHAN who retired by rotation, as a Director of the Company;
4. To reappoint auditor PKF Hong Kong Limited, Certified Public Accountants, as auditors of the Company, to hold office from the conclusion of the meeting to the conclusion of the next meeting, during which accounts will be laid before the Company and to authorize the Directors to adjust their remuneration packages;
5. That the directors of the Company be and are hereby generally and unconditionally authorized to exercise all powers of the Company to allot 'Ordinary Shares' the capital of the Company.
6. That the directors of the Company be and are hereby generally and unconditionally authorized to exercise all powers of the Company to repurchase the 'Ordinary Shares' in the capital of the Company, including any form of depositary receipt.



By Order of the Board
Mr. Stephen Sin Mo KOO
Executive Chairman

19 May 2023

Registered office:
Unit 201, 2/F Sunbeam Centre,
27 Shing Yip Street
Kwun Tong, Kowloon,
Hong Kong.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the Annual General Meeting. A member so entitled may appoint one or more proxies (whether they are members or not) to attend and, on a poll, to vote in place of the member.
2. A form of proxy is enclosed with this notice. To be valid, the form of proxy and any power of attorney or other authority (if any) under which it is signed, or a notarized and certified copy of that power of authority, must be lodged with the Company's registrars, c/o Computershare Investor Services Plc., The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the Annual General Meeting takes place.
3. Completion and return of a proxy does not preclude a member from attending and voting at the Annual General Meeting.
4. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company as of 7 June 2023 are entitled to attend or vote at the Annual General Meeting in respect to the number of shares registered in their name at that time. Changes to entries on the Register after that time will be disregarded when determining the rights of any person to attend or vote in the Annual General Meeting.