

Amulet Hotkey Limited
Annual Report and Consolidated Financial Statements
Year Ended 30 June 2019
Registration number: 02505963



Amulet Hotkey Limited

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Amulet Hotkey Limited

Company Information

Directors	Mr S Holness Mr A P Hilliard Mr A Jackson Mr K R Grundon Mr M J O'Sullivan
Registered office	Unit 4 Cavalier Road Heathfield Industrial Estate Heathfield Devon TQ12 6TQ
Auditors	PKF Francis Clark Statutory Auditor Centenary House Peninsula Park Rydon Lane Exeter EX2 7XE

Amulet Hotkey Limited

Strategic Report

Year Ended 30 June 2019

The directors present their strategic report for the year ended 30 June 2019.

Principal activity

The principal activity of the group is the design, manufacture and sale of specialist technology products including GPU accelerated servers, zero and thin client desktops and KVM switches. These products occupy key positions in the high growth High-Performance Computing and Virtual Desktop Infrastructure global markets. Demand is driven by the need for exceptional processing power and highly resilient equipment for applications such as handling big data, graphics-intensive compute acceleration for virtual desktop, machine learning and advanced cyber-security environments. The group helps its core customer base of Global 2000 and cutting-edge enterprises, local and federal governments leverage the benefits of these applications to achieve high return on investment.

Fair review of the business

A management buyout backed by Treun Capital in April 2019 has brought access to additional funding to increase working capital for growth and accelerate the build out of the group's growth platform which has included completing products under development at the year end, bringing these to market and preparing new sales channels.

The directors measure the development, performance and position of the group through several key performance indicators;

	2019 £ / %	2018 £ / %	Variances %
Turnover	20,192,572	15,489,719	30
Gross profit	6,834,491	4,887,944	38
Gross profit percentage	34	32	2
EBITDA (Earnings before interest, tax, depreciation and amortisation)	1,411,331	284,208	-
Net current assets	2,071,637	1,516,455	-

The current ratio is 1.44 (2018: 1.81).

The group has for some years invested in its product range, technology expertise and international presence to develop a platform for sustained expansion. This and the injection of additional capital following the management buyout supported 30% revenue growth in the year ending 30 June 2019 derived from existing markets and extending into new market segments and geographies. See note 3 for turnover by geographical markets. Product mix, supply chain management, and operational efficiencies resulted in an increase in gross profit margin percentage to 34% (2018: 32%) which combined with turnover growth has driven the increase in EBITDA in the year.

The financial position of the group continues to be robust as at the balance sheet date with net assets of £4,020,840 (2018: £3,343,931), net current assets of £2,071,637 (2018: £1,516,455), and a current ratio of 1.44:1 (2018: 1.81:1). The group is cash generative from operational activities and has the ability to control investment activities which alongside funding facilities ensures sufficient cash liquidity is maintained.

Amulet Hotkey Limited

Strategic Report

Year Ended 30 June 2019

Principal risks and uncertainties

In developing its strategy, the group takes full account of the need to minimise the impact of the risks associated with its business. The group's risk appetite and exposure are regularly reviewed as part of monthly meetings held by the board of directors.

The principal risks and uncertainties affecting the group are:

- (a) the state of the markets in which it operates and the competitive pressures within those markets;
- (b) the concentration and strength of relationships with major customers and suppliers; and
- (c) the ability to recruit, retain and motivate key employees.

The board have examined the risks associated with the business in its entirety and confirm that we have a robust risk mitigation policy.


Future developments

The group will continue to develop its technology and capabilities to exploit its leadership in rapidly growing markets with the launch of new products and solutions, whilst driving growth in existing market segments and improving penetration into new market verticals.

Research and development

The group invested £1,164,807 in the year to 30 June 2019 into research and development projects, representing 6% of turnover. The increasing relevance of our technology to today's computing environments has seen its adoption in new market sectors which present opportunities for further development.

Approved by the Board on 20.11.19 and signed on its behalf by:


.....
Mr M J O'Sullivan
Director

Amulet Hotkey Limited

Directors' Report

Year Ended 30 June 2019

The directors present their report and the for the year ended 30 June 2019.

Directors of the group

The directors who held office during the year were as follows:

Mr S Holness (appointed 18 April 2019)

Mr A P Hilliard

Mr A Jackson

Mr M J Tothill (resigned 6 September 2019)

Mr K R Grundon

Mrs V G Summerfield (resigned 18 April 2019)

The following director was appointed after the year end:

Mr M J O'Sullivan (appointed 7 November 2019)

Dividends

No ordinary dividends were paid. The directors do not recommend a final dividend payment in respect of the financial year ended 30 June 2019.

Prior year adjustments

The 2018 results, which form the comparative information, have been restated along with reserves as at 1 July 2017. See note 25 for further details. These adjustments do not affect the reported EBITDA of the group during the current year or the group's continuing business.

Financial instruments

Objectives and policies

The Group's principal financial instruments comprise bank balances, bank overdrafts, trade creditors and trade debtors. The group manages the risks arising from financial instruments, including working capital risks, in the following ways;

Credit risk

Credit risk is the risk of financial loss to the group if a customer fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales. It is group policy to assess the credit risk of new customers before offering credit terms, and each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer, which represents the maximum outstanding amount without requiring approval. The nature of the groups customer base, being typically large corporates, has resulted in very low levels of bad debt. No debt has been written off in the current or prior year.

A monthly review of trade debtors' ageing analysis is undertaken and reviewed by the board. Customers' credit is reassessed periodically. Existing customers that become 'high risk' as a result of the periodic reassessment are placed on a restricted customer list and future credit sales are made only with Director approval, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents held with banks and financial institutions, where only independently rated parties with minimum rating 'A' are accepted.

Amulet Hotkey Limited

Directors' Report

Year Ended 30 June 2019

Liquidity risk

Liquidity risk arises from the group's management of working capital and is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. The board receives information regarding cash balances and cash flow projections on a monthly basis. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses an overdraft facility. The overdraft incurs interest at floating rates. When the bank balance is in a positive position, excess funds are placed on short-term deposits in order to maximise the interest earned.

Foreign exchange risk

The group is exposed to currency exchange rate risk which is largely naturally hedged with sales and purchases across the group predominantly being in both sterling and US dollars. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts. No forward contracts were entered into during the year ended 30 June 2019 because of the group's naturally hedged position. The group made foreign exchange gains of £1,961 for the year ended 30 June 2019 (2018: £71,328).

Price risk

Price risk arises on the group's management of pricing strategies and is the risk that the group may be adversely impacted by increased competition in the market. Management regularly review pricing strategies to ensure pricing is competitive.

Disclosure of information to the auditor

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 28/11/19 and signed on its behalf by:


.....
Mr M J O'Sullivan
Director

Amulet Hotkey Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Amulet Hotkey Limited

Independent Auditor's Report to the Members of Amulet Hotkey Limited

Opinion

We have audited the financial statements of Amulet Hotkey Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Amulet Hotkey Limited

Independent Auditor's Report to the Members of Amulet Hotkey Limited

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Amulet Hotkey Limited

Independent Auditor's Report to the Members of Amulet Hotkey Limited

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

PKF Francis Clark

Glenn Nicol (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Date:

21 November 2019

Amulet Hotkey Limited

Consolidated Profit and Loss Account

Year Ended 30 June 2019

		2019	(As restated) 2018
	Note	£	£
Turnover	3	20,192,572	15,489,719
Cost of sales		<u>(13,358,081)</u>	<u>(10,601,775)</u>
Gross profit		6,834,491	4,887,944
Administrative expenses		<u>(6,377,549)</u>	<u>(5,791,143)</u>
Operating profit/(loss)	4	456,942	(903,199)
Other interest receivable and similar income		31	-
Interest payable and similar charges	8	<u>(19,449)</u>	<u>(10,371)</u>
Profit/(loss) before tax		437,524	(913,570)
Taxation	9	<u>240,270</u>	<u>401,685</u>
Profit/(loss) for the financial year		<u>677,794</u>	<u>(511,885)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>677,794</u>	<u>(511,885)</u>

Amulet Hotkey Limited

Consolidated Statement of Comprehensive Income

Year Ended 30 June 2019

	2019 £	(As restated) 2018 £
Profit/(loss) for the year	677,794	(511,885)
Foreign currency translation gains/(losses)	<u>(885)</u>	<u>708</u>
Total comprehensive income for the year	<u>676,909</u>	<u>(511,177)</u>
Total comprehensive income attributable to:		
Owners of the company	<u>676,909</u>	<u>(511,177)</u>


Amulet Hotkey Limited

Consolidated Balance Sheet

30 June 2019

	Note	2019 £	(As restated) 2018 £
Fixed assets			
Intangible assets	10	2,520,253	2,373,420
Tangible assets	11	<u>236,751</u>	<u>281,101</u>
		<u>2,757,004</u>	<u>2,654,521</u>
Current assets			
Stocks	13	1,596,030	1,243,742
Debtors	14	5,017,530	2,082,212
Cash at bank and in hand	15	<u>196,394</u>	<u>59,698</u>
		6,809,954	3,385,652
Creditors: Amounts falling due within one year	16	<u>(4,738,317)</u>	<u>(1,869,197)</u>
Net current assets		<u>2,071,637</u>	<u>1,516,455</u>
Total assets less current liabilities		4,828,641	4,170,976
Creditors: Amounts falling due after more than one year	16	(530,801)	(500,501)
Provisions for liabilities	19	<u>(277,000)</u>	<u>(326,544)</u>
Net assets		<u>4,020,840</u>	<u>3,343,931</u>
Capital and reserves			
Called up share capital	21	105	105
Capital redemption reserve		38	38
Profit and loss account		<u>4,020,697</u>	<u>3,343,788</u>
Equity attributable to owners of the company		<u>4,020,840</u>	<u>3,343,931</u>
Total equity		<u>4,020,840</u>	<u>3,343,931</u>

Approved and authorised by the Board on 20.11.19 and signed on its behalf by:



 Mr M J O'Sullivan
 Director

Company Registration Number: 02505963

Amulet Hotkey Limited

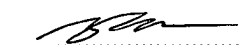
Company Balance Sheet

30 June 2019

	Note	2019 £	(As restated) 2018 £
Fixed assets			
Intangible assets	10	2,520,253	2,373,420
Tangible assets	11	211,462	261,087
Investments	12	5,920	5,920
		<u>2,737,635</u>	<u>2,640,427</u>
Current assets			
Stocks	13	1,561,730	1,075,237
Debtors	14	3,431,375	1,722,659
Cash at bank and in hand	15	42,842	17,339
		<u>5,035,947</u>	<u>2,815,235</u>
Creditors: Amounts falling due within one year	16	<u>(2,977,583)</u>	<u>(1,091,728)</u>
Net current assets		<u>2,058,364</u>	<u>1,723,507</u>
Total assets less current liabilities		4,795,999	4,363,934
Creditors: Amounts falling due after more than one year	16	(293,099)	(274,650)
Provisions for liabilities	19	<u>(277,000)</u>	<u>(326,544)</u>
Net assets		<u>4,225,900</u>	<u>3,762,740</u>
Capital and reserves			
Called up share capital	21	105	105
Capital redemption reserve		38	38
Profit and loss account		<u>4,225,757</u>	<u>3,762,597</u>
Total equity		<u>4,225,900</u>	<u>3,762,740</u>

The company made a profit after tax for the financial year of £463,160 (2018 - loss of £132,891).

Approved and authorised by the Board on 20.11.19 and signed on its behalf by:



 Mr M J O'Sullivan
 Director

Company Registration Number: 02505963

Amulet Hotkey Limited

Consolidated Statement of Changes in Equity

Year Ended 30 June 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 July 2018 as previously reported	105	38	4,040,438	4,040,581
Prior period adjustment	-	-	(696,650)	(696,650)
At 1 July 2018 (As restated)	105	38	3,343,788	3,343,931
Profit for the year	-	-	677,794	677,794
Other comprehensive income	-	-	(885)	(885)
Total comprehensive income	-	-	676,909	676,909
At 30 June 2019	105	38	4,020,697	4,020,840

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 July 2017	105	38	4,465,444	4,465,587
Prior period adjustment	-	-	(610,479)	(610,479)
At 1 July 2017 (As restated)	105	38	3,854,965	3,855,108
Loss for the year (restated)	-	-	(511,885)	(511,885)
Other comprehensive income	-	-	708	708
Total comprehensive income (As restated)	-	-	(511,177)	(511,177)
At 30 June 2018	105	38	3,343,788	3,343,931

The notes on pages 17 to 34 form an integral part of these financial statements.

Amulet Hotkey Limited

Company Statement of Changes in Equity

Year Ended 30 June 2019

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 July 2018	105	38	4,351,753	4,351,896
Prior period adjustment	-	-	(589,156)	(589,156)
At 1 July 2018 (As restated)	105	38	3,762,597	3,762,740
Profit for the year	-	-	463,160	463,160
Total comprehensive income	-	-	463,160	463,160
At 30 June 2019	105	38	4,225,757	4,225,900

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 July 2017	105	38	4,398,473	4,398,616
Prior period adjustment	-	-	(502,985)	(502,985)
At 1 July 2017 (As restated)	105	38	3,895,488	3,895,631
Loss for the year	-	-	(132,891)	(132,891)
Total comprehensive income (As restated)	-	-	(132,891)	(132,891)
At 30 June 2018	105	38	3,762,597	3,762,740

Amulet Hotkey Limited

Consolidated Statement of Cash Flows

Year Ended 30 June 2019

	Note	2019 £	(As restated) 2018 £
Cash flows from operating activities			
Profit/(loss) for the year		677,794	(511,885)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	968,528	1,187,407
Profit on disposal of tangible assets		(414)	(2,974)
Finance income		(31)	-
Finance costs	8	19,449	10,371
Income tax credit	9	(240,270)	(401,685)
		<u>1,425,056</u>	<u>281,234</u>
Working capital adjustments			
Increase in stocks	13	(352,288)	(36,456)
(Increase)/decrease in trade debtors	14	(2,853,043)	1,424,513
Increase/(decrease) in trade creditors	16	2,547,193	(1,442,727)
Increase/(decrease) in deferred income		<u>58,299</u>	<u>(2,188)</u>
Cash generated from operations		825,217	224,376
Income taxes received		<u>88,372</u>	<u>290,161</u>
Net cash flow from operating activities		<u>913,589</u>	<u>514,537</u>
Cash flows from investing activities			
Interest received		31	-
Acquisitions of tangible assets		(67,797)	(43,503)
Proceeds from sale of tangible assets		414	7,718
Cost of development of intangible assets	10	<u>(1,003,214)</u>	<u>(1,118,534)</u>
Net cash flows from investing activities		<u>(1,070,566)</u>	<u>(1,154,319)</u>
Cash flows from financing activities			
Interest paid	8	(19,449)	(10,371)
Payments to finance lease creditors		<u>(33,608)</u>	<u>(34,813)</u>
Net cash flows from financing activities		<u>(53,057)</u>	<u>(45,184)</u>
Net decrease in cash and cash equivalents		(210,034)	(684,966)
Cash and cash equivalents at 1 July		59,698	741,976
Effect of exchange rate fluctuations on cash held		<u>(18,256)</u>	<u>2,688</u>
Cash and cash equivalents at 30 June	15	<u><u>(168,592)</u></u>	<u><u>59,698</u></u>

The notes on pages 17 to 34 form an integral part of these financial statements.

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Unit 4
Cavalier Road
Heathfield Industrial Estate
Heathfield
Devon
TQ12 6TQ

These financial statements were authorised for issue by the Board on 20 November 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. There are no material departures from FRS 102.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2019.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

Key sources of estimation uncertainty

Amortisation of capitalised development costs

At the completion of a development project the useful economic life is determined by estimating the number of years for which the group is expected to make sales of the products associated with that development work. Expectations are reviewed annually to take account of product demand and lifespan. Due to the innovative nature of the group's products and technology there is inherently some uncertainty as to the period of benefit relating to specific developments.

Revenue recognition

Turnover comprises revenue receivable by the company in respect of goods supplied during the year, exclusive of value added tax and trade discounts and is recognised on the following basis:

Goods

Turnover from the sale of goods is recognised when goods are despatched, which is when substantially all the risks and rewards are transferred.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the consolidated profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings leasehold	Over the term of the lease
Fixtures, fittings & equipment	25% per annum on cost
Motor vehicles	25% per annum on cost
Plant and machinery	25% per annum on cost

Intangible assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	Straight line over 3-7 years

Investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less and accumulated impairment losses.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost is calculated using the weighted average method.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

Warranties

Where a warranty is included within the sales price of a product, the revenue is recognised at the point of product sale and provision is made for the estimated future costs to be incurred by the group under that warranty.

Where an extended warranty is sold and the income can be separated from the selling price of the product concerned, the income is spread over the warranty term on a straight line basis.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Company Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

Financial instruments

Classification

The Group and the Company holds the following financial instruments:

- Short term trade and other debtors and creditors,
- Cash and bank balances, and
- Intercompany balances.

All financial instruments are classified as basic.

Recognition and measurement

The group has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

3 Revenue

The analysis of the group's turnover for the year by class of business is as follows:

	2019 £	2018 £
Technology solutions	<u>20,192,572</u>	<u>15,489,719</u>

The analysis of the group's turnover for the year by market is as follows:

	2019 £	2018 £
UK	10,093,646	4,889,860
USA	9,987,328	8,351,084
Rest of world	<u>111,598</u>	<u>2,248,775</u>
	<u>20,192,572</u>	<u>15,489,719</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

4 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	112,147	221,630
Amortisation expense	856,381	965,777
Foreign exchange gains	(1,961)	(71,328)
Operating lease expense - plant and machinery	6,041	11,611
Profit on disposal of property, plant and equipment	(414)	(2,974)

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	3,602,844	3,650,247
Social security costs	354,986	337,820
Pension costs, defined contribution scheme	44,121	20,035
	<u>4,001,951</u>	<u>4,008,102</u>

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	2019 No.	2018 No.
Production and operations	30	28
Administrative	11	9
Research and development	15	16
Sales, marketing and support	20	20
Directors	4	5
	<u>80</u>	<u>78</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	399,287	674,099
Contributions paid to money purchase schemes	2,706	1,636
	<u>401,993</u>	<u>675,735</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	<u>123,796</u>	<u>148,843</u>

7 Auditor's remuneration

	2019 £	2018 £
Audit of these financial statements	20,000	18,000
Audit of the financial statements of subsidiaries of the company pursuant to legislation	4,000	-
	<u>24,000</u>	<u>18,000</u>
All other non-audit services	<u>6,000</u>	<u>8,250</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	15,169	7,777
Interest on obligations under finance leases and hire purchase contracts	3,015	2,261
Interest expense on other finance liabilities	1,265	333
	<u>19,449</u>	<u>10,371</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

9 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	(190,509)	(433,494)
UK corporation tax adjustment to prior periods	<u>(33,787)</u>	<u>-</u>
	(224,296)	(433,494)
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(15,974)</u>	<u>31,809</u>
Tax receipt in the income statement	<u>(240,270)</u>	<u>(401,685)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit/(loss) before tax	<u>437,524</u>	<u>(913,570)</u>
Corporation tax at standard rate	83,130	(173,578)
Effect of expense not deductible in determining taxable profit (tax loss)	345	345
Effect of foreign tax rates	(12,381)	(51,705)
Deferred tax credit relating to changes in tax rates	(29,302)	-
UK deferred tax (credit)/expense relating to changes in tax rates or laws	(33,787)	16,032
Decrease from enhanced expenditure relief, net of credits received	(217,208)	(194,038)
Tax (decrease)/increase from other short-term timing differences	<u>(31,067)</u>	<u>1,259</u>
Total tax credit	<u>(240,270)</u>	<u>(401,685)</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

10 Intangible assets

Group and Company

	Development costs £
Cost or valuation	
At 1 July 2018 (restated)	9,023,805
Additions - internally generated	<u>1,003,214</u>
At 30 June 2019	<u>10,027,019</u>
Amortisation	
At 1 July 2018 (restated)	6,650,385
Amortisation charge	<u>856,381</u>
At 30 June 2019	<u>7,506,766</u>
Carrying amount	
At 30 June 2019	<u>2,520,253</u>
At 30 June 2018	<u>2,373,420</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

11 Tangible assets

Group

	Land and buildings leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 July 2018 (restated see note 24)	80,485	1,009,863	27,187	789,938	1,907,473
Additions	-	61,973	-	5,824	67,797
At 30 June 2019	<u>80,485</u>	<u>1,071,836</u>	<u>27,187</u>	<u>795,762</u>	<u>1,975,270</u>
Depreciation					
At 1 July 2018 (restated see note 24)	39,147	895,060	27,184	664,981	1,626,372
Charge for the year	<u>6,624</u>	<u>65,232</u>	<u>3</u>	<u>40,288</u>	<u>112,147</u>
At 30 June 2019	<u>45,771</u>	<u>960,292</u>	<u>27,187</u>	<u>705,269</u>	<u>1,738,519</u>
Carrying amount					
At 30 June 2019	<u>34,714</u>	<u>111,544</u>	<u>-</u>	<u>90,493</u>	<u>236,751</u>
At 30 June 2018 (restated see note 24)	<u>41,338</u>	<u>114,803</u>	<u>3</u>	<u>124,957</u>	<u>281,101</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Plant and machinery	<u>79,072</u>	<u>114,329</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

Company

	Land and buildings leasehold £	Fixtures, fittings and equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 July 2018	80,485	737,067	27,187	789,938	1,634,677
Additions	-	43,865	-	5,824	49,689
At 30 June 2019	80,485	780,932	27,187	795,762	1,684,366
Depreciation					
At 1 July 2018	39,147	642,278	27,184	664,981	1,373,590
Charge for the year	6,624	52,399	3	40,288	99,314
At 30 June 2019	45,771	694,677	27,187	705,269	1,472,904
Carrying amount					
At 30 June 2019	34,714	86,255	-	90,493	211,462
At 30 June 2018	41,338	94,789	3	124,957	261,087

Included within the net book value of land and buildings above is £34,714 (2018 - £41,338) in respect of long leasehold land and buildings.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Plant and machinery	79,072	114,329

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

12 Investments

Company

	2019 £	2018 £
Investments in subsidiaries	<u>5,920</u>	<u>5,920</u>

Details of undertakings

The parent company has investments in the following subsidiary undertakings:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Amulet Hotkey Incorporated	434 West 33rd Street New York NY 10001 USA	Ordinary	100%	100%
Amulet Hotkey PTY	3 Albion Street Harris Park NSW 2150 Australia	Ordinary	100%	100%
Hotkey Systems Limited	Unit 4, Cavalier Road Heathfield Industrial Estate Devon TQ12 6TQ England	Ordinary	100%	100%

The principal activity of Amulet Hotkey Incorporated is sales of electronic business systems.

The principal activity of Amulet Hotkey PTY is sales of electronic business systems.

The principal activity of Hotkey Systems Limited is that of a dormant company.

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

13 Stocks

	Group (As restated)		Company (As restated)	
	2019	2018	2019	2018
	£	£	£	£
Raw materials and consumables	940,292	708,522	940,292	708,522
Work in progress	202,654	225,384	202,654	225,384
Finished goods and goods for resale	453,084	309,836	418,784	141,331
	<u>1,596,030</u>	<u>1,243,742</u>	<u>1,561,730</u>	<u>1,075,237</u>

14 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	3,968,571	1,070,718	1,753,087	831,810
Amounts due from group undertakings	-	-	924,960	395,930
Other debtors	117,516	123,944	53,827	31,874
Prepayments	250,203	288,585	225,121	182,285
Deferred tax assets	177,108	201,801	-	-
Income tax asset	504,132	397,164	474,380	280,760
	<u>5,017,530</u>	<u>2,082,212</u>	<u>3,431,375</u>	<u>1,722,659</u>

15 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cash at bank	196,394	59,698	42,842	17,339
Bank overdrafts	<u>(364,986)</u>	<u>-</u>	<u>(364,986)</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>(168,592)</u>	<u>59,698</u>	<u>(322,144)</u>	<u>17,339</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

16 Creditors

	Note	Group 2019 £	2018 £	Company 2019 £	2018 £
Due within one year					
Loans and borrowings	17	394,985	35,608	394,985	35,608
Trade creditors		3,076,157	1,475,823	1,387,250	818,346
Amounts due to group undertakings		706,804	-	794,930	-
Corporation tax		8,665	37,621	-	32,167
Social security and other taxes		67,395	111,409	60,979	100,619
Other creditors		89,565	74,982	93,177	13,388
Accrued expenses		394,746	133,754	246,262	91,600
		<u>4,738,317</u>	<u>1,869,197</u>	<u>2,977,583</u>	<u>1,091,728</u>
Due after one year					
Obligations under finance leases		36,433	64,432	36,433	64,432
Deferred income		494,368	436,069	256,666	210,218
		<u>530,801</u>	<u>500,501</u>	<u>293,099</u>	<u>274,650</u>

17 Loans and borrowings

	2019 £	Group 2018 £	2019 £	Company 2018 £
Current loans and borrowings				
Bank overdrafts	364,986	-	364,986	-
Finance lease liabilities	29,999	35,608	29,999	35,608
	<u>394,985</u>	<u>35,608</u>	<u>394,985</u>	<u>35,608</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

18 Obligations under leases and hire purchase contracts

Group

Finance leases

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The liabilities are secured on the assets concerned.

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	29,999	35,608
Later than one year and not later than five years	36,433	64,432
	<u>66,432</u>	<u>100,040</u>

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	409,202	264,681
Later than one year and not later than five years	260,954	254,237
	<u>670,156</u>	<u>518,918</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £446,573 (2018 - £407,183).

Company

Finance leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	29,999	35,608
Later than one year and not later than five years	36,433	64,432
	<u>66,432</u>	<u>100,040</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	263,867	110,522
Later than one year and not later than five years	144,081	254,237
	<u>407,948</u>	<u>364,759</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £216,776 (2018 - £210,606).

19 Deferred tax and other provisions

Group and Company

	Warranties £	Deferred tax £	Total £
At 1 July 2018 as restated	10,000	316,544	326,544
Increase (decrease) in existing provisions	-	(49,544)	(49,544)
At 30 June 2019	<u>10,000</u>	<u>267,000</u>	<u>277,000</u>

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2019		
Taxable losses carried forward	177,108	180,487
Accelerated capital allowances	-	(447,487)
	<u>177,108</u>	<u>(267,000)</u>

	Asset £	Liability £
2018		
Taxable losses carried forward	201,801	201,721
Accelerated capital allowances	-	(518,265)
	<u>201,801</u>	<u>(316,544)</u>

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

Company

Deferred tax assets and liabilities

	Liability £
2019	
Taxable losses carried forward	180,487
Accelerated capital allowances	(447,487)
	<u>(267,000)</u>
2018	
Taxable losses carried forward	201,721
Accelerated capital allowances	(518,265)
	<u>(316,544)</u>

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £44,121 (2018 - £20,035).

21 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary of £1 each	<u>105</u>	<u>105</u>	<u>105</u>	<u>105</u>

22 Dividends

The directors are proposing a final dividend of £Nil (2018 - £Nil).

23 Related party transactions

During the year the Directors' maintained current accounts, which totalled £2,919 at 30 June 2019 (2018: £1,296). During the year the Directors received advances of £36,632 and made repayments of £35,009.

Amulet Hotkey Limited

Notes to the Financial Statements

Year Ended 30 June 2019

24 Parent and ultimate parent undertaking

The company's immediate parent is AHK Bidco Limited, incorporated in England and Wales.

The ultimate parent company is AHK Holdings Limited, incorporated in England and Wales on 18 February 2019.

AHK Bidco Limited, a company incorporated in England and Wales on 19 February 2019, acquired 100% of the Ordinary shares in the company as part of a wider management buy-out on 19 April 2019. On the same date, AHK Holdings Limited, the ultimate parent company, acquired 100% of the Ordinary shares in AHK Bidco Limited.

The ultimate controlling party is considered to be funds managed by Treun Capital General Partner Limited by virtue of their shareholding in AHK Holdings Limited.

25 Prior year adjustments

Group and Company

Certain stocks, identified as being obsolete for a number of years following historic strategic decisions to prioritise the sale of other products, were not correctly provided against in prior years. A prior year adjustment has been made in line with FRS102 to reduce the value of group stock and reserves by £717,725 and reduce the value of company stock and reserves by £610,231, each as at 1 July 2017.

Calculation errors overstated the warranty provision in previous accounting periods. This has been corrected in line with FRS102, and reduces the warranty provision in group and company by £184,584 as at 1 July 2017 with a corresponding increase in reserves.

Certain costs included in development costs (intangible fixed assets) brought forward were identified as not meeting the criteria of FRS102 for capitalisation. An adjustment to correct this error has resulted in intangible fixed assets being reduced in the group and company by £77,338 as at 1 July 2017 and £86,171 during the year ending 30 June 2018 with a corresponding reduction in reserves of £163,509 as at 30 June 2018.

The impact on the profit and loss account for the year ending 30 June 2018 is a net reduction of £86,171. These adjustments do not affect the reported EBITDA of the group during the current year or the group's continuing business.