

Company registration number 04486025 (England and Wales)

**PHOTON KINETICS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# PHOTON KINETICS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr D Blaskowsky Mr W Hill Mr C Shaar Mr F Sladen
<b>Secretary</b>	Mr D Blaskowsky
<b>Company number</b>	04486025
<b>Registered office</b>	One Fleet Place London EC4M 7WS
<b>Auditor</b>	Moore (South) LLP 33 The Clarendon Centre Salisbury Business Park Dairy Meadow Lane Salisbury Wiltshire SP1 2TJ

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# PHOTON KINETICS LIMITED

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# PHOTON KINETICS LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

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The directors present their annual report and financial statements for the year ended 31 December 2022.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D Blaskowsky  
Mr W Hill  
Mr C Shaar  
Mr F Sladen

#### **Auditor**

Moore (South) LLP were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at the forthcoming Annual General Meeting.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr D Blaskowsky  
**Director**

8 July 2023

# **PHOTON KINETICS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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The directors are responsible 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# PHOTON KINETICS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF PHOTON KINETICS LIMITED

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#### Opinion

We have audited the financial statements of Photon Kinetics Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# PHOTON KINETICS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF PHOTON KINETICS LIMITED

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **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.

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

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

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

# **PHOTON KINETICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF PHOTON KINETICS LIMITED**

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Our approach was as follows:

- The engagement partner selected a team for the audit, led by persons who had prior knowledge of the company and who had the required competence and skills to be able to identify or recognise non-compliance with laws and regulations
- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council and UK taxation legislation.
- We obtained an understanding of how the company is complying with these frameworks by making enquiries of those charged with governance. We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. This was supported by reviewing correspondence with regulators.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, and the inherent difficulty in detecting irregularities by holding discussions with management and those charged with responsibility for ensuring legal and regulatory compliance is adhered to and considered the internal controls in place mitigate identified risks. As a result, a fraud risk was identified relating to management override. The valuation and validity of related party balances and transactions has been incorporated into the management override risk.
- In addition to the possibility of management override of controls, areas considered of higher risk relating to the presentation of information in the financial statements included the recognition of revenue.
- We assessed the control environment, documenting the systems, controls and processes adopted and undertook an assessment of risk identified in designing our audit approach which incorporating a combination of controls testing, where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed management and those charged with governance and we obtained additional corroborative evidence as required.

To address the risks identified the following procedures have been introduced:

To address the risk of fraud through management override we:

- performed analytical procedures to identify any unusual or unexpected variances;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of bias;
- tested journal entries to identify any unusual transactions;
- reviewed transactions with related parties, in particular the management charges and transactions with group entities;
- reviewed the disclosures within the financial statements to ascertain whether they meet the requirements of the accounting standards and relevant legislation.

To address the risk revenue recognition we:

- reviewed the accounting policies adopted for consistency of application and compliance with acceptable practices;
- completed analytical work, to include monthly comparison with prior years and budgets;
- Reviewed the terms of sale with the parent company and recalculated each monthly sales invoices to ensure they are in line with the terms of the agreement;
- tested cut off procedures including a review of transactions before and after the balance sheet date and;
- completed key item testing and sought explanations for any unusual transactions.

## **PHOTON KINETICS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF PHOTON KINETICS LIMITED**

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

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

We communicate with those charged with governance 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.

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

**Robert MacDonald**  
**Senior Statutory Auditor**  
**For and on behalf of Moore (South) LLP**

14 July 2023

**Chartered Accountants**  
**Statutory Auditor**

33 The Clarendon Centre  
Salisbury Business Park  
Dairy Meadow Lane  
Salisbury  
Wiltshire  
SP1 2TJ

## PHOTON KINETICS LIMITED

### PROFIT AND LOSS ACCOUNT

*FOR THE YEAR ENDED 31 DECEMBER 2022*

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	2022 £	2021 £
<b>Turnover</b>	207,744	170,777
Cost of sales	(188,858)	(155,251)
	<hr/>	<hr/>
<b>Gross profit</b>	18,886	15,526
Administrative expenses	(19,392)	(19,865)
	<hr/>	<hr/>
<b>Loss before taxation</b>	(506)	(4,339)
Tax on loss	-	-
	<hr/>	<hr/>
<b>Loss for the financial year</b>	(506)	(4,339)
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The profit and loss account has been prepared on the basis that all operations are continuing operations.

# PHOTON KINETICS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Current assets</b>					
Debtors	3	81,044		84,496	
Cash at bank and in hand		45,220		56,126	
		<u>126,264</u>		<u>140,622</u>	
<b>Creditors: amounts falling due within one year</b>	4	(18,525)		(32,377)	
<b>Net current assets</b>			107,739		108,245
<b>Capital and reserves</b>					
Called up share capital			10		10
Profit and loss reserves			107,729		108,235
<b>Total equity</b>			107,739		108,245

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

The financial statements were approved by the board of directors and authorised for issue on 7 July 2023 and are signed on its behalf by:

Mr D Blaskowsky  
Director

Company Registration No. 04486025

# PHOTON KINETICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Photon Kinetics Limited is a private company limited by shares incorporated in England and Wales. The registered office is One Fleet Place, London, EC4M 7WS.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Photon Kinetics Inc.

#### **1.2 Going concern**

The financial statements have been prepared on a going concern basis. The company is dependent on the financial support of its holding company. The Board of Directors of Photon Kinetics Inc has agreed that it is the policy of Photon Kinetics Inc, and its present intention, to provide financial support to the company to enable it to continue to trade for the foreseeable future and at least 12 months from the date of the audit report.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue is recognised when expenses have been incurred and claimed.

# PHOTON KINETICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

#### 1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.6 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

# PHOTON KINETICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies (Continued)

#### 1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.8 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	2	2

### 3 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Amounts owed by group undertakings	67,927	72,239
Other debtors	89	57
Prepayments and accrued income	13,028	12,200
	81,044	84,496

### 4 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	675	15,297
Other taxation and social security	4,840	4,926
Accruals and deferred income	13,010	12,154
	18,525	32,377

### 5 Related party transactions

The company has taken advantage of the exemption available in FRS 102 "Related party disclosure" (paragraph 33.1A) whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

## **PHOTON KINETICS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

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#### **6 Parent company**

The company's ultimate parent undertaking is Photon Kinetics Inc, a company incorporated in the United States of America.

The only group in which the results of the company are consolidated is that headed by Photon Kinetics Inc.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.