

KECRYPT SYSTEMS LIMITED

Unaudited Financial Statements

For the year ended 31 July 2009

5554 837

Company Registration Number: 555483

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KECRYPT SYSTEMS LIMITED

Financial statements for the year ended 31 July 2009

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KECRYPT SYSTEMS LIMITED

Directors, officers and advisors

Directors

J A Dale
G A Hone

Secretary and registered office

G A Hone
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

Registered number

5554837

Principal place of business

Business and Technology Centre
Bessemer Drive
Stevenage
Hertfordshire
SG1 2DX

Accountants

Day, Smith & Hunter
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

KECRYPT SYSTEMS LIMITED

Directors' report for the year ended 31 July 2009

The directors present their report and the financial statements of the company for the year ended 31 July 2009

Principal activity

The principal activity of the company is software development and consultancy

Directors

The directors who served during the year were

J A Dale

G A Hone

R F Wells (resigned 5 August 2008)

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

Signed on behalf of the board



J. A. DALE

Approved by the Board on

12-03-2010

KECRYPT SYSTEMS LIMITED**Profit and loss account for the year ended 31 July 2009**

	Notes	2009	2008
		£	£
Turnover		63,217	-
Administrative expenses		57,949	244,139
Other operating income		1,792	1,250
Operating profit/(loss)	2	7,060	(242,889)
Taxation on profit on ordinary activities	4	1,637	25,678
Profit/(loss) for the financial year	10	8,697	(217,211)

The notes on pages 5 to 8 form part of these financial statements

KECRYPT SYSTEMS LIMITED

Balance sheet at 31 July 2009

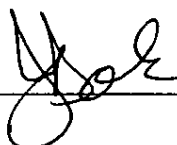
	Notes	2009		2008	
		£	£	£	£
Fixed assets					
Intangible assets	5		330,819		315,537
Tangible assets	6		354		1,851
			331,173		317,388
Current assets					
Debtors	7	7,394		29,916	
Cash at bank and in hand		4,726		5,028	
		12,120		34,944	
Creditors: amounts falling due within one year	8	(74,944)		(107,680)	
Net current liabilities			(62,824)		(72,736)
Total assets less current liabilities			268,349		244,652
Capital and reserves					
Called up share capital	9		439,076		180,796
Share premium account	10		325,924		569,204
Deficit on profit and loss account	10		(546,651)		(555,348)
Other reserves	10		50,000		50,000
Shareholders' funds	11		268,349		244,652

These accounts have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

For the financial year ended 31 July 2009 the company was entitled to exemption from audit under section 477 of the Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

Approved by the board of directors on 12-03-2010 and signed on its behalf



J. A. Dale - Director

Company Registration Number: 5554837

The notes on pages 5 to 8 form part of these financial statements

KECRYPT SYSTEMS LIMITED

Notes to the financial statements for the year ended 31 July 2009

1 Accounting policies

a) Going concern

The financial statements are prepared as a going concern on the basis of continued support from the shareholders in the form of newly issued ordinary share capital

b) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

c) Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax

d) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Equipment, fixtures and fittings 33% on cost

e) Intellectual Property

Intellectual property is written off to the profit and loss account over 3 years which is the directors estimate of its useful economic life

Trade marks and patents are written off over 15 years on a straight line basis

f) Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred except development expenditure incurred on individual projects. Where the recoverability of this development expenditure can be foreseen with reasonable assurance it is capitalised and amortised in line with sales from the relevant projects

2 Operating Profit

This is stated after charging

	2009	2008
	£	£
Depreciation and amortisation	13,346	28,360
Loss on disposal of tangible fixed assets	382	-

3 Directors' emoluments

	2009	2008
	£	£
Emoluments	15,388	138,024

4 Tax on loss on ordinary activities

	2009	2008
	£	£
United Kingdom corporation tax at current rates	-	-
Tax refunds receivable	(1,637)	(25,678)
	(1,637)	(25,678)

KECRYPT SYSTEMS LIMITED

Notes to the financial statements for the year ended 31 July 2009 (continued)

5 Intangible fixed assets

	Research and development	Intellectual property	Total
	£	£	£
Cost:			
At 1 August 2008	290,664	91,850	382,514
Additions	12,858	15,087	27,945
At 31 July 2009	303,522	106,937	410,459
Amortisation:			
At 1 August 2008	-	66,977	66,977
Provision for the year	-	12,663	12,663
At 31 July 2009	-	79,640	79,640
Net book value:			
At 31 July 2009	303,522	27,297	330,819
At 31 July 2008	290,664	24,873	315,537

Further sums may be payable in respect of intellectual property rights should certain "trigger events" occur in the future (Note 12)

6 Tangible fixed assets

	Equipment fixtures & fittings
	£
Cost:	
At 1 August 2008	4,981
Disposals	(1,281)
At 31 July 2009	3,700
Depreciation:	
At 1 August 2008	3,130
Provision for the year	892
Adjustments for disposals	(676)
At 31 July 2009	3,346
Net book value:	
At 31 July 2009	354
At 31 July 2008	1,851

7 Debtors

	2009	2008
	£	£
Trade debtors	5,624	-
Other debtors	1,770	29,916
	7,394	29,916

KECRYPT SYSTEMS LIMITED

Notes to the financial statements for the year ended 31 July 2009 (continued)

8 Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	2,625	18,045
Other creditors	69,800	73,941
Other tax and social security	2,519	15,694
	<u>74,944</u>	<u>107,680</u>

9 Called up share capital

	2009	2008
	£	£
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of 1p each	<u>439,076</u>	<u>180,796</u>

On 1 September 2008 25,827,950 ordinary shares of 1p each were allotted, issued and fully paid up at £0.005807 each with the difference between the sum paid and par value taken from the share premium account

10 Reserves

	Other reserves	Share premium account	Profit and loss account
	£	£	£
At 1 August 2008	50,000	569,204	(555,348)
Profit for the year	-	-	8,697
Discount on shares issued (see note 9)	-	(243,280)	-
At 31 July 2009	<u>50,000</u>	<u>325,924</u>	<u>(546,651)</u>

KECRYPT SYSTEMS LIMITED

Notes to the financial statements for the year ended 31 July 2009 (continued)

11 Reconciliation of movement in shareholders' funds

	2009	2008
	£	£
Profit/(2008 loss) for the year	8,697	(217,211)
New shares issued during the year	15,000	240,000
Net addition to shareholders' funds	23,697	22,789
Shareholders' funds at 1 August 2008	244,652	221,863
Shareholders' funds at 31 July 2009	268,349	244,652

On 1 November 2006 the company issued share warrants granting the purchasers the option to purchase 443,625 1p ordinary shares for £50,000. Should the warrants be exercised a further £50,000 is payable.

On 7 February 2007 further warrants were issued for no consideration which entitles the holders of the warrants the option to purchase 111,112 1p ordinary shares for £6,261.

All warrants must be converted within 10 years of the date of issue.

Upon conversion the proceeds will be transferred into the share capital and share premium accounts.

The ordinary shares to be allotted on exercise of the subscription rights shall rank pari passu with the ordinary shares in issue on the exercise date.

12 Contingent liabilities

The company has claimed research and development tax credits totalling £447,691, since its incorporation, resulting in tax refunds of £71,396.86. If the company were to cease trading these tax credits may become reclaimable by HM Revenue and Customs.

13 Related parties

During the year the company paid R Wells £1,080 (2008 - £2,640) for office services provided.

Included in trade creditors (note 8) is an amount due to R Wells of £2,251 (2008 £15).