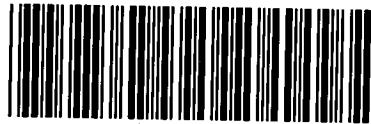


AHK Holdings Limited

Annual Report and Consolidated Financial Statements Period from 1 July 2022 to 31 October 2023

Registration number: 11833025

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AHK Holdings Limited

Contents

Company Information	1
Strategic Report	2 to 4
Directors' Report	5 to 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 11
Consolidated Profit and Loss Account	12
Consolidated Statement of Comprehensive Income	13
Consolidated Balance Sheet	14
Company Balance Sheet	15
Consolidated Statement of Changes in Equity	16
Company Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18 to 19
Notes to the Financial Statements	20 to 37

AHK Holdings Limited

Company Information

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

AHK Holdings Limited

Strategic Report

Period from 1 July 2022 to 31 October 2023

The directors present their strategic report for the period from 1 July 2022 to 31 October 2023.

Principal activity

The principal activity of the company is that of a holding company.

The principal activity of the group is the design, manufacture and sale of specialist technology products and solutions, including virtual workstations, GPU accelerated servers, remote host cards, zero clients and software agnostic thin clients. These products occupy key positions in the high-growth High-Performance Compute, Remote Working and Virtual Desktop Infrastructure global markets.

Demand is driven by unique expertise in end-to-end solution design, global deployment and support, alongside products with industry leading security, agility, density, power and thermal management for data intensive workloads and for mission critical remote computing.

The group's class leading solutions power the world's mission critical IT in global financial trading floors, militaries and governments, civic security infrastructure, global entertainment production, engineering and construction.

Solutions provide customers with break-through competitive advantages and operational resilience, particularly in core finance and defence sectors, with lower running costs and environmental impact. Furthermore, by solving the most demanding mission critical requirements, the group supports its partners access to large pools of general commercial and government IT spend and long-term defence contracts.

The group also provides customised products to key technology partners by utilising its engineering specialists, with a proven track record of innovation, and manufacturing facilities within the 'Five Eyes,' which includes in-house Surface-mount technology (SMT) capabilities.

Future developments

The group continued to develop and launch its range of market leading products and solutions and invested £1,501,771 in the 16-month period (year to June 2022: £1,328,804) into development projects, representing 14% of gross profit (2022: 23%).

Following a three-year investment phase to develop a broad and robust product portfolio and advance the group's positioning in expanding markets, the group is now well positioned to realise strong growth and to capitalise on opportunities. The group's enlarged and technology advanced product portfolio provides longevity and a foundation for growth into a well-established customer and partner base whilst improving penetration into new market verticals and geographical locations.

The group has developed and launched a suite of workstation solutions for a wide array of use cases, replacing end of life platforms. Alongside this, the group has specifically developed workstations with two large OEM partners, filling a gap in their respective product portfolios with a co-selling arrangement and route to market that is rapidly scalable.

The group has also developed a suite of uniquely designed passively cooled client end points with a range of performance points. This provides existing customers with greater choice and significantly widens addressable markets.

AHK Holdings Limited

Strategic Report

Period from 1 July 2022 to 31 October 2023

This refreshed product portfolio addresses the group's core trading floor customers, who have restarted investment cycles previously delayed by the Covid 19 pandemic and taps into a deep seam of government demand. The pipeline of opportunity is strong and underpinned by customer testing and project awards, with the cost base of the group shaped for growth following the parallel investment phase in people, manufacturing capabilities, and sales and support infrastructure.

Fair review of the business

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

	Period to October 2023 £ / %	Year to June 2022 £ / %	Variances Pro-rata %
Turnover	23,566,701	25,699,046	(31)
Gross profit	10,698,626	5,748,097	40
Gross profit margin percentage	45	22	23
Adjusted EBITDA (Earnings before interest, tax, depreciation, amortisation, exceptional items and after R&D tax credits)	3,790,401	658,176	332
Net current assets	2,983,588	1,503,200	98
Net assets excluding long term debt to shareholders	5,553,514	4,274,238	30

The period ended 31 October 2023 was a transitional period for the group, pivoting core customers to a suite of new products and technologies whilst the group continued to invest in sales and support resources to enable growth projections.

The group grew annualised gross profit and reduced its overall cost base to increase EBITDA. Gross profit was impacted positively by £3,078,195 following the decrecognition of prior period liabilities. An atypical high value, low margin transaction in the prior year skews comparisons to revenue and average gross profit percentages.

The group's significant Research and Development (R&D) activity attracts subsidies administered as tax credits which are recorded in these financial statements as Taxation. Adjusting EBITDA for exceptional costs and adding R&D subsidies results in Adjusted EBITDA of £3,790,401 (2022: £658,176).

The aforementioned investment in and transition of customers to new products and technologies has led to a very strong qualified pipeline, underpinned by successful customer testing and project awards. Significant customer opportunities have transitioned to a 'roll out' phase, supporting sales growth potential into the next fiscal year.

The financial position of the group is robust at the balance sheet date with cash of £1,837,114 (2022: £2,958,808), net current assets of £2,983,588 (2022: £1,503,200) and a current ratio of 1.51:1 (2022: 1.21:1). Net liabilities of £2,028,676 (2022: £2,439,502) include long term debt due to shareholders. Net assets excluding this long term debt total £5,553,514 (2022: £4,274,238).

AHK Holdings Limited

Strategic Report

Period from 1 July 2022 to 31 October 2023

Principal risks and uncertainties

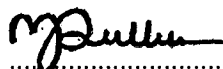
In developing its strategy, the group takes full account of the need to minimise the impact of the risks associated with its business. The group's risk appetite and exposure are regularly reviewed as part of monthly meetings held by the board of directors.

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 key customers and technology partners;
- (c) the global electronic component supply chain on profits and cash flow;
- (d) the preservation of working capital headroom to support growth projections; and
- (e) the ability to recruit, retain and motivate key employees.

The board have examined the risks associated with the business in its entirety and confirm robust risk mitigation policies.

Approved by the Board on 15/03/2024 and signed on its behalf by:



.....
Mr M O'Sullivan
Director

AHK Holdings Limited

Directors' Report

Period from 1 July 2022 to 31 October 2023

The directors present their report and the financial statements for the period from 1 July 2022 to 31 October 2023.

Directors of the group

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

Mr P Canning

Mr S Copeland (resigned 29 February 2024)

Mr K Grundon

Mr A Hilliard

Mr S Holness

Mr A Jackson (resigned 28 September 2022)

Mr M O'Sullivan

Mr A White

Mr M Stevens (resigned 22 July 2022)

Dividends

No ordinary dividends were paid in the period. The directors do not recommend a final dividend payment in respect of the financial period ending 31 October 2023.

Financial instruments

Objectives and policies

The group's principal financial instruments comprise bank balances, bank loans and overdrafts, loan notes, 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 assessed 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 owed by customers without requiring additional payments. The nature of the group's customer base, being typically large corporates, has resulted in low levels of bad debt. No customer debt has been written off in the current or prior periods.

A monthly review of trade debtors' aging analysis is undertaken and reviewed by the board. Customers' credit is reassessed periodically. Existing customers that become 'high risk' after 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.

AHK Holdings Limited

Directors' Report

Period from 1 July 2022 to 31 October 2023

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 monthly.

To help manage liquidity the group maintains an overdraft facility, which incurs interest at floating rates. Careful management of discretionary investment activities and maintaining neutral or positive working capital cashflows on material sales transactions, alongside the group's funding facilities, ensures sufficient cash liquidity is maintained.

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 reviews pricing strategies to ensure pricing is competitive.

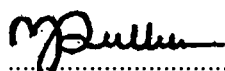
Foreign exchange risk

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 using foreign exchange contracts. At the Balance Sheet date open forward contracts to sell Australian Dollars totalled AU\$7,785,250. In accordance with FRS 102, this forward contract is held at fair value with an unrealised profit of £184,629 recognised in profit and loss. This profit was realised post period end.

Disclosure of information to the auditor

Each director has taken 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 15/03/2024 and signed on its behalf by:



Mr M O'Sullivan
Director

AHK Holdings 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 group and the company and of the profit or loss of the group 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AHK Holdings Limited

Independent Auditor's Report to the Members of AHK Holdings Limited

Opinion

We have audited the financial statements of AHK Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 1 July 2022 to 31 October 2023, 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 31 October 2023 and of the group's profit for the period 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 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

In auditing the financial statements, we have concluded that the director's 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 group and parent company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 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.

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.

AHK Holdings Limited

Independent Auditor's Report to the Members of AHK Holdings Limited

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 period 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 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 7, 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.

AHK Holdings Limited

Independent Auditor's Report to the Members of AHK Holdings 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning, we gained an understanding of the group and the industry in which the group operates as part of this assessment to identify the key laws and regulations affecting the group. The key regulations we identified were health and safety regulations, quality control regulations and export compliance. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and relevant tax legislation.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the group complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the group's ability to continue trading and the risk of material misstatement to the accounts.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following;

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud;
- Discussed with the health and safety manager the policies and procedures in place in relation to health and safety. We reviewed the health and safety policy of the group, health and safety risk assessments carried out and incident log maintained in the year;

AHK Holdings Limited

Independent Auditor's Report to the Members of AHK Holdings Limited

- Discussed with the export compliance officer policies and procedures in place and reviewed documentation including an audit report on the group's compliance with export regulations;
- Examined legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance;
- Reviewed board meeting minutes;
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business; and
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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

.....
Tom Beable FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

Date: 15 March 2024
.....

AHK Holdings Limited

Consolidated Profit and Loss Account

Period from 1 July 2022 to 31 October 2023

	Note	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Turnover	3	23,566,701	25,699,046
Cost of sales		<u>(12,868,075)</u>	<u>(19,950,949)</u>
Gross profit		10,698,626	5,748,097
Administrative expenses		<u>(7,247,539)</u>	<u>(5,509,105)</u>
Earnings before interest, tax, depreciation, amortisation, impairment and exceptional items		3,451,087	238,992
Amortisation and impairment of intangible assets		(1,614,699)	(1,422,841)
Depreciation		<u>(404,344)</u>	<u>(318,861)</u>
Operating profit/(loss) before exceptional items	4	1,432,044	(1,502,710)
Exceptional administrative expenses	5	-	(159,820)
Fair value movement on financial instrument		184,629	-
Other interest receivable and similar income		498	1,625
Interest payable and similar charges	9	<u>(1,093,474)</u>	<u>(678,070)</u>
Profit/(loss) before tax		523,697	(2,338,975)
Taxation	10	<u>(112,871)</u>	<u>429,227</u>
Profit/(loss) for the financial period		<u>410,826</u>	<u>(1,909,748)</u>
Loss attributable to:			
Owners of the group		<u>410,826</u>	<u>(1,909,748)</u>

The group has no recognised gains or losses for the period other than the results above (2022: £Nil).

AHK Holdings Limited

Consolidated Statement of Comprehensive Income

Period from 1 July 2022 to 31 October 2023

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Profit/(loss) for the period	<u>410,826</u>	<u>(1,909,748)</u>
Total comprehensive income for the period	<u>410,826</u>	<u>(1,909,748)</u>
Total comprehensive income attributable to:		
Owners of the group	<u>410,826</u>	<u>(1,909,748)</u>

The notes on pages 20 to 37 form an integral part of these financial statements.

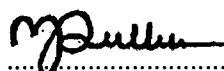
AHK Holdings Limited

Consolidated Balance Sheet

31 October 2023

	Note	31 October 2023 £	30 June 2022 £
Fixed assets			
Intangible assets	11	3,474,511	3,587,439
Tangible assets	12	<u>423,391</u>	<u>647,386</u>
		<u>3,897,902</u>	<u>4,234,825</u>
Current assets			
Stocks	14	3,110,765	2,458,926
Debtors	15	3,844,713	3,237,629
Cash at bank and in hand	16	<u>1,837,114</u>	<u>2,958,808</u>
		8,792,592	8,655,363
Creditors: Amounts falling due within one year	18	<u>(5,809,004)</u>	<u>(7,152,163)</u>
Net current assets		<u>2,983,588</u>	<u>1,503,200</u>
Total assets less current liabilities		6,881,490	5,738,025
Creditors: Amounts falling due after more than one year	18	(8,199,166)	(7,846,527)
Provisions for liabilities	21	<u>(711,000)</u>	<u>(331,000)</u>
Net liabilities		<u>(2,028,676)</u>	<u>(2,439,502)</u>
Capital and reserves			
Called up share capital	26	430,465	430,465
Share premium reserve		154,437	154,437
Profit and loss account		<u>(2,613,578)</u>	<u>(3,024,404)</u>
Equity attributable to owners of the group		<u>(2,028,676)</u>	<u>(2,439,502)</u>
Total equity		<u>(2,028,676)</u>	<u>(2,439,502)</u>

Approved and authorised by the Board on 15/03/2024 and signed on its behalf by:



Mr M O'Sullivan
Director

Company Registration Number: 11833025

The notes on pages 20 to 37 form an integral part of these financial statements.

AHK Holdings Limited

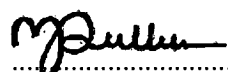
Company Balance Sheet

31 October 2023

	Note	31 October 2023 £	30 June 2022 £
Fixed assets			
Investments	13	128,054	128,054
Current assets			
Debtors	15	<u>814,541</u>	<u>751,671</u>
Net assets		<u>942,595</u>	<u>879,725</u>
Capital and reserves			
Called up share capital	26	430,465	430,465
Share premium reserve		154,437	154,437
Profit and loss account		<u>357,693</u>	<u>294,823</u>
Total equity		<u>942,595</u>	<u>879,725</u>

The company made a profit after tax for the financial period of £62,870 (2022: £51,641).

Approved and authorised by the Board on 15/03/2024 and signed on its behalf by:



Mr M O'Sullivan
Director

Company Registration Number: 11833025

The notes on pages 20 to 37 form an integral part of these financial statements.

AHK Holdings Limited

Consolidated Statement of Changes in Equity

Period from 1 July 2022 to 31 October 2023

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 July 2022	430,465	154,437	(3,024,404)	(2,439,502)
Profit for the period	-	-	410,826	410,826
Total comprehensive income	-	-	410,826	410,826
At 31 October 2023	<u>430,465</u>	<u>154,437</u>	<u>(2,613,578)</u>	<u>(2,028,676)</u>

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 July 2021	430,465	154,437	(1,114,656)	(529,754)
Loss for the period	-	-	(1,909,748)	(1,909,748)
Total comprehensive income	-	-	(1,909,748)	(1,909,748)
At 30 June 2022	<u>430,465</u>	<u>154,437</u>	<u>(3,024,404)</u>	<u>(2,439,502)</u>

The notes on pages 20 to 37 form an integral part of these financial statements.

AHK Holdings Limited

Company Statement of Changes in Equity

Period from 1 July 2022 to 31 October 2023

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2022	430,465	154,437	294,823	879,725
Profit for the period	-	-	62,870	62,870
Total comprehensive income	-	-	62,870	62,870
At 31 October 2023	430,465	154,437	357,693	942,595

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2021	430,465	154,437	243,182	828,084
Profit for the period	-	-	51,641	51,641
Total comprehensive income	-	-	51,641	51,641
At 30 June 2022	430,465	154,437	294,823	879,725

The notes on pages 20 to 37 form an integral part of these financial statements.

AHK Holdings Limited

Consolidated Statement of Cash Flows

Period from 1 July 2022 to 31 October 2023

	Note	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Cash flows from operating activities			
Profit/(loss) for the period		410,826	(1,909,748)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		2,019,043	1,674,309
Loss on disposal of tangible assets		2,832	-
Impairment and disposal of intangible assets		2,449	67,393
Finance income		(498)	(1,625)
Finance costs	9	1,093,474	678,070
Income tax credit	10	112,871	(429,227)
		<u>3,640,997</u>	<u>79,172</u>
Working capital adjustments			
(Increase)/decrease in stocks		(651,839)	108,416
(Increase)/decrease in trade debtors		(736,220)	303,354
Decrease in trade creditors		(1,182,615)	(3,889,748)
Decrease in deferred income		<u>(214,589)</u>	<u>(199,307)</u>
Cash generated from operations		855,734	(3,598,113)
Income taxes received	10	<u>397,995</u>	<u>321,926</u>
Net cash flow from operating activities		<u>1,253,729</u>	<u>(3,276,187)</u>
Cash flows from investing activities			
Interest received		498	1,625
Acquisition of tangible assets	12	(183,181)	(181,104)
Proceeds from sale of tangible assets		484	-
Cost of development of intangible assets	11	(1,501,771)	(1,328,804)
Purchase price adjustment arising from previous acquisitions		<u>-</u>	<u>100,000</u>
Net cash flows from investing activities		<u>(1,683,970)</u>	<u>(1,408,283)</u>
Cash flows from financing activities			
Interest paid	9	(165,943)	(55,305)
Repayment of bank borrowing		(213,328)	(93,331)
Repayment of other borrowing		(59,081)	(19,998)
Receipts from finance lease providers		-	55,400
Payments to finance lease providers		<u>(248,438)</u>	<u>(197,159)</u>
Net cash flows from financing activities		<u>(686,790)</u>	<u>(310,393)</u>

The notes on pages 20 to 37 form an integral part of these financial statements.

AHK Holdings Limited

Consolidated Statement of Cash Flows

Period from 1 July 2022 to 31 October 2023

	Note	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Net decrease in cash and cash equivalents		(1,117,031)	(4,994,863)
Cash and cash equivalents at start of period		2,958,808	7,967,382
Effect of exchange rate fluctuations on cash held		<u>(4,663)</u>	<u>(13,711)</u>
Cash and cash equivalents at end of period	16	<u>1,837,114</u>	<u>2,958,808</u>

The notes on pages 20 to 37 form an integral part of these financial statements.

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

1 General information

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

The address of its registered office and principal place of business is:

Unit 4

Cavalier Road

Heathfield Industrial Estate

Newton Abbot

Devon

TQ12 6TQ

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 periods 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 pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 October 2023.

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.

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

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

Disclosure of long or short period

The company's financial period end has been extended from 30 June 2023 to 31 October 2023. This was done for commercial business reasons.

Going concern

At the balance sheet date, the group had net liabilities of £2,028,676 (2022: £2,439,502). This includes Loan notes of £7,582,190 (2022: £6,713,740), payable to the ultimate controlling party and to the directors of the company. The directors have considered the impact of the group's principal risks and uncertainties on its forecasts and projections and have a reasonable expectation that the group has adequate resources, a robust product portfolio and pipeline of opportunity, cash headroom and working capital flexibility to continue in operation existence for the foreseeable future, being at least 12 months from the approval of these financial statements. The directors have performed sensitivity analysis on forecasts which did not indicate any breach in existing facilities. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Key sources of estimation uncertainty and judgement

Stock provision:

The group reviews its inventory on a regular basis and, where appropriate, makes provisions for obsolete inventory and slow moving inventory based on estimates of future sales activity.

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 group in respect of goods or services 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 substantially all the risks and rewards are transferred.

Services

Turnover from the sale of services is recognised over the period in which the service is provided.

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 rate on the date when the fair value is re-measured.

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.

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

The 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 accumulated impairment losses.

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

Depreciation

Depreciation is charged 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 and equipment	25% per annum on cost
Plant and machinery	25% per annum on cost

Goodwill

Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

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 1 - 10 years
Goodwill	Straight line over 5 years

Investments

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

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

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.

Liabilities are derecognised if the obligation is formally released or the obligation no longer meets the above criteria. During the period the directors derecognised prior period liabilities of £3,078,195 where the derecognition criteria was met.

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).

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 group 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 to achieve a constant periodic rate of interest on the remaining balance of the liability.

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

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.

Financial instruments

Classification

The group holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Cash and bank balances;
- Loan notes; 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 group'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 Turnover

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

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Technology products and solutions	<u>23,566,701</u>	<u>25,699,046</u>

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

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
EMEA	14,437,617	11,818,442
North America	7,614,707	12,715,085
Rest of world	1,514,377	1,165,519
	<u>23,566,701</u>	<u>25,699,046</u>

4 Operating profit/(loss)

Arrived at after charging/(crediting)

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Foreign exchange losses	18,134	178,037
Operating lease expense	<u>221,275</u>	<u>156,991</u>

5 Exceptional administrative expenses

During the period there were no exceptional costs. During the prior year to 30 June 2022, the group incurred restructuring exceptional costs of £159,820. The directors considered these costs to be one off in nature and not expected to recur and were therefore classified as exceptional.

6 Staff costs

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

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Wages and salaries	4,654,138	3,610,290
Social security costs	515,044	451,521
Pension costs, defined contribution scheme	<u>179,013</u>	<u>156,117</u>
	<u>5,348,195</u>	<u>4,217,928</u>

The above excludes staff costs that have been capitalised as development cost intangible assets.

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

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

	1 July 2022 to 31 October 2023 No.	Year ended 30 June 2022 No.
Production and operations	32	33
Administrative	6	9
Research and development	17	16
Sales, marketing and support	21	21
Directors	5	6
	<u>81</u>	<u>85</u>

7 Directors' remuneration

The directors' remuneration for the period was as follows:

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Remuneration	743,722	756,453
Contributions paid to money purchase schemes	16,701	10,751
	<u>760,423</u>	<u>767,204</u>

In respect of the highest paid director:

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Remuneration	<u>185,879</u>	<u>147,101</u>

8 Auditor's remuneration

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Audit of these financial statements	4,500	4,500
Audit of the financial statements of subsidiaries of the company pursuant to legislation	29,850	29,600
	<u>34,350</u>	<u>34,100</u>

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

9 Interest payable and similar expenses

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Interest on bank overdrafts and borrowings	136,984	31,203
Interest on obligations under finance leases and hire purchase contracts	28,959	20,668
Interest expense on other finance liabilities	927,531	626,199
	<u>1,093,474</u>	<u>678,070</u>

10 Taxation

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

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Current taxation		
Corporation tax	(316,853)	(313,758)
Deferred taxation		
Arising from origination and reversal of timing differences	<u>429,724</u>	<u>(115,469)</u>
Tax charge/(credit) in the income statement	<u>112,871</u>	<u>(429,227)</u>

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK of 21.63% (2022: 19%).

The differences are reconciled below:

	1 July 2022 to 31 October 2023 £	Year ended 30 June 2022 £
Profit/(loss) before tax	<u>523,697</u>	<u>(2,338,975)</u>
Corporation tax at standard rate	113,270	(444,405)
Effect of expense not deductible in determining taxable profit (tax loss)	(838)	(9,101)
Effect of foreign tax rates	(30,618)	133,911
UK deferred tax expense/(credit) relating to changes in tax rates or laws	80,970	(75,126)
Deferred tax expense from unrecognised tax loss or credit	170,547	124,996
Other tax effects for reconciliation between accounting profit and tax expense	(24,939)	20,866
Tax decrease from effect of adjustment in research and development tax credit	<u>(195,521)</u>	<u>(180,368)</u>
Total tax charge/(credit)	<u>112,871</u>	<u>(429,227)</u>

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

11 Intangible assets

Group

	Goodwill £	Development costs £	Total £
Cost or valuation			
At 1 July 2022	571,850	5,928,502	6,500,352
Additions	-	1,501,771	1,501,771
Impairment	-	(2,449)	(2,449)
At 31 October 2023	<u>571,850</u>	<u>7,427,824</u>	<u>7,999,674</u>
Amortisation			
At 1 July 2022	362,172	2,550,741	2,912,913
Amortisation charge	<u>152,493</u>	<u>1,459,757</u>	<u>1,612,250</u>
At 31 October 2023	<u>514,665</u>	<u>4,010,498</u>	<u>4,525,163</u>
Carrying amount			
At 31 October 2023	<u>57,185</u>	<u>3,417,326</u>	<u>3,474,511</u>
At 30 June 2022	<u>209,678</u>	<u>3,377,761</u>	<u>3,587,439</u>

Development cost intangible assets relate to the costs of developing the groups product portfolio, including active products and those in ongoing development. Intangible assets are measured at cost less accumulated amortisation, amortised over the life of the product, and any accumulated impairment losses. The useful economic life of these products are expected to be between 3 to 5 years.

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

12 Tangible assets

Group

	Land and buildings leasehold £	Fixtures, fittings and equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 July 2022	147,479	656,795	563,872	1,368,146
Additions	17,559	162,772	2,850	183,181
Disposals	-	(4,851)	-	(4,851)
At 31 October 2023	<u>165,038</u>	<u>814,716</u>	<u>566,722</u>	<u>1,546,476</u>
Depreciation				
At 1 July 2022	101,579	376,636	242,545	720,760
Charge for the period	32,837	216,172	155,335	404,344
Eliminated on disposal	-	(2,019)	-	(2,019)
At 31 October 2023	<u>134,416</u>	<u>590,789</u>	<u>397,880</u>	<u>1,123,085</u>
Carrying amount				
At 31 October 2023	<u>30,622</u>	<u>223,927</u>	<u>168,842</u>	<u>423,391</u>
At 30 June 2022	<u>45,900</u>	<u>280,159</u>	<u>321,327</u>	<u>647,386</u>

Included within the net book value of land and buildings above is £Nil (2022: £Nil) in respect of freehold land and buildings and £30,622 (2022: £45,900) 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:

	31 October 2023 £	30 June 2022 £
Tangible assets	<u>114,923</u>	<u>336,638</u>

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

13 Investments

Company

At 31 October 2023 and 30 June 2022

£
128,054

Details of undertakings

The parent company has investments in the following subsidiary undertakings:

Subsidiary undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2023	2022
AHK Bidco Limited	Unit 4 Cavalier Road Heathfield Industrial Estate Newton Abbot Devon TQ12 6TQ UK	Ordinary	100%	100%
Amulet Hotkey Limited*	Unit 4 Cavalier Road Heathfield Industrial Estate Newton Abbot Devon TQ12 6TQ UK	Ordinary	100%	100%
Amulet Hotkey Incorporated*	14 Penn Plaza 225 West 34th Street New York NY10122 USA	Ordinary	100%	100%
Amulet Hotkey PTY*	Suite 6, Level 2 64 Talavera Road Macquarie Park NSW 2113 Australia	Ordinary	100%	100%
Amulet Hotkey BV*	Concertgebouwplein 15H 1071LL Amsterdam Netherlands	Ordinary	100%	100%

Subsidiary undertakings

AHK Bidco Limited

The principal activity of AHK Bidco Limited is that of an intermediate holding company.

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

*Amulet Hotkey Limited**

The principal activities of Amulet Hotkey Limited* are the design, manufacture and sale of specialist technology products and solutions.

*Amulet Hotkey Incorporated**

The principal activities of Amulet Hotkey Incorporated* are the sales and distribution of specialist technology products and solutions.

*Amulet Hotkey PTY**

The principal activities of Amulet Hotkey PTY* are the sales and distribution of specialist technology products and solutions.

*Amulet Hotkey BV**

The principal activity of Amulet Hotkey BV* is the distribution of specialist technology products and solutions.

* Held indirectly via AHK Bidco Limited or Amulet Hotkey Limited.

14 Stocks

	31 October 2023	Group 30 June 2022	31 October 2023	Company 30 June 2022
	£	£	£	£
Raw materials	1,485,335	1,619,901	-	-
Work in progress	226,166	160,673	-	-
Finished goods and goods for resale	1,399,264	678,352	-	-
	<u>3,110,765</u>	<u>2,458,926</u>	<u>-</u>	<u>-</u>

15 Debtors

	31 October 2023	Group 30 June 2022	31 October 2023	Company 30 June 2022
	£	£	£	£
Trade debtors	2,796,703	1,988,150	-	-
Amounts due from group undertakings	-	-	814,541	751,671
Other debtors	157,248	555,814	-	-
Prepayments	272,105	130,501	-	-
Financial instrument	184,629	-	-	-
Deferred tax assets	114,494	132,418	-	-
Income tax asset	319,534	430,746	-	-
	<u>3,844,713</u>	<u>3,237,629</u>	<u>814,541</u>	<u>751,671</u>

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

16 Cash and cash equivalents

	31 October 2023	Group 30 June 2022	31 October 2023	Company 30 June 2022
	£	£	£	£
Cash at bank	<u>1,837,114</u>	<u>2,958,808</u>	<u>-</u>	<u>-</u>

17 Net (debt)/cash

	At 1 July 2022	Cash flow	Non cash movements	At 31 October 2023
	£	£	£	£
Cash at bank and on hand	2,958,808	(1,121,694)	-	1,837,114
Finance leases	(295,444)	248,438	-	(47,006)
Bank loans	(706,669)	213,328	-	(493,341)
Other borrowings	(6,713,740)	59,081	(927,531)	(7,582,190)
Net (debt)/cash	<u>(4,757,045)</u>	<u>(600,847)</u>	<u>(927,531)</u>	<u>(6,285,423)</u>

The non cash movements relates to compound interest on loans and borrowings.

18 Creditors

		31 October 2023	Group 30 June 2022	31 October 2023	Company 30 June 2022
	Note	£	£	£	£
Due within one year					
Loans and borrowings	19	242,382	402,926	-	-
Trade creditors		4,882,833	6,226,191	-	-
Social security and other taxes		205,039	159,885	-	-
Other creditors		35,292	21,291	-	-
Accrued expenses		443,458	341,870	-	-
		<u>5,809,004</u>	<u>7,152,163</u>	<u>-</u>	<u>-</u>
Due after one year					
Loans and borrowings	19	7,880,155	7,312,927	-	-
Deferred income		319,011	533,600	-	-
		<u>8,199,166</u>	<u>7,846,527</u>	<u>-</u>	<u>-</u>

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

19 Loans and borrowings

	31 October 2023 £	Group 30 June 2022 £	31 October 2023 £	Company 30 June 2022 £
Current loans and borrowings				
Bank borrowings	160,000	160,000	-	-
Obligations under finance leases	42,386	202,930	-	-
Other borrowings	39,996	39,996	-	-
	<u>242,382</u>	<u>402,926</u>	<u>-</u>	<u>-</u>

	31 October 2023 £	Group 30 June 2022 £	31 October 2023 £	Company 30 June 2022 £
Non-current loans and borrowings				
Bank borrowings	333,341	546,669	-	-
Obligations under finance leases	4,620	92,514	-	-
Other borrowings	7,542,194	6,673,744	-	-
	<u>7,880,155</u>	<u>7,312,927</u>	<u>-</u>	<u>-</u>

Bank borrowings

During the year ended 30 June 2021, the group received £800,000 in relation to the Coronavirus Business Interruption Loan Scheme (CBILS). This loan was interest free for the first 12 months and subsequently subject to an interest rate of 4.39% over base rate per annum. The term of the loan is 6 years, with principal repayments over 5 years commencing 12 months from drawdown.

The group has an unutilised bank overdraft facility totalling £750,000 (30 June 2022: £750,000). The bank holds a guarantee up to the limit of £1,550,000 and holds security over all assets of the group.

Other borrowings

Other borrowings consist of Loan notes payable to the ultimate controlling party and to the directors of the company. Loan notes are denominated in Sterling, accruing interest at a rate of 0-10% per annum with interest compounded quarterly and added to the principal monies outstanding. The principal amounts are due to be redeemed in greater than 12 months from the balance sheet date. The principle amount of loan notes at the year end is £7,582,190 (30 June 2022: £6,713,740), which includes compound interest of £2,562,837 (30 June 2022: £1,633,259).

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

20 Obligations under leases and hire purchase contracts

Group

Finance leases

Finance lease payments represent rentals payable by the group for hire purchase contracts on 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:

	31 October 2023 £	30 June 2022 £
Not later than one year	42,386	202,930
Later than one year and not later than five years	4,620	92,514
	<u>47,006</u>	<u>295,444</u>

Operating leases

The total of future minimum lease payments is as follows:

	31 October 2023 £	30 June 2022 £
Not later than one year	170,836	119,244
Later than one year and not later than five years	113,637	163,065
	<u>284,473</u>	<u>282,309</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £221,275 (2022: £156,991).

The company does not have any obligations under finance or operating leases.

21 Deferred tax and other provisions

Group

	Deferred tax £	Other provisions £	Total £
At 1 July 2022	321,000	10,000	331,000
Increase in existing provisions	<u>380,000</u>	<u>-</u>	<u>380,000</u>
At 31 October 2023	<u>701,000</u>	<u>10,000</u>	<u>711,000</u>

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2023		
Taxable losses and other deductions	114,494	206,000
Accelerated capital allowances	-	(907,000)
	<u>114,494</u>	<u>(701,000)</u>
2022		
Taxable losses and other deductions	132,418	594,000
Accelerated capital allowances	-	(915,000)
	<u>132,418</u>	<u>(321,000)</u>

Deferred tax assets held in Amulet Hotkey Inc. are disclosed separately within current assets.

22 Pension and other schemes

The group operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the group to the scheme and amounted to £179,013 (2022: £156,117).

23 Parent and ultimate parent undertaking

The company's immediate parent is Treun Capital General Partners Limited, incorporated in England and Wales.

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

24 Financial instruments

At the end of the year the group was committed to a foreign exchange contract for the sale of AU\$7,782,250 at an agreed forward rate of \$1.4843 AU\$: \$1 USD. The value of the outstanding contracts at the year end was £4,082,422. The forward contract is held at fair value with an unrealised profit of £184,629 recognised in profit and loss. This profit was realised post period end.

25 Related party transactions

During the period interest of £929,578 (30 June 2022: £649,838) was accrued or capitalised on loan notes held by shareholders of the company.

AHK Holdings Limited

Notes to the Financial Statements

Period from 1 July 2022 to 31 October 2023

26 Share capital

Allotted, called up and fully paid shares

	31 October 2023		30 June 2022	
	No.	£	No.	£
A Ordinary shares of £0.80 each	327,398	261,918	327,398	261,918
A1 Ordinary shares of £0.80 each	11,677	9,342	11,677	9,342
B Ordinary shares of £1 each	139,641	139,641	139,641	139,641
C Ordinary shares of £1 each	19,564	19,564	19,564	19,564
	<u>498,280</u>	<u>430,465</u>	<u>498,280</u>	<u>430,465</u>

Rights, preferences and restrictions

Shares have the following rights, preferences and restrictions:

A Ordinary Shares and B Ordinary Shares carry voting rights and no right of redemption. A1 Ordinary Shares and C Ordinary Shares have no voting rights and no right of redemption. Dividends shall be distributed to the holders of shares, excluding C Ordinary Shares, pro rata according to the number of shares held by each of them as if they constituted one class of share.