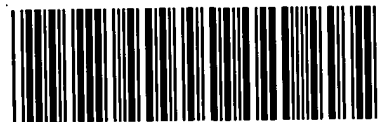


Company Registration No. 12125540 (England and Wales)

SCX KINETIC LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023

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SCX KINETIC LIMITED

COMPANY INFORMATION

Directors	J A Cunningham P Greves M J Puttick A D Whitworth D R Pickard
Company number	12125540
Registered office	30 Roman Ridge Road Sheffield South Yorkshire S9 1GA
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Bankers	HSBC UK Bank plc 4th Floor City Point 29 King Street Leeds LS1 2HL

SCX KINETIC LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

The company is an intermediate holding company within the group headed by Kinetic Solutions Group Limited. Performance of the wider group is disclosed within the parent company's financial statements.

The company was incorporated on 26 July 2019 for the purpose of the acquisition of SCX Special Projects Limited and its immediate parent company, SCX Special Projects Holdings Limited. These entities were acquired by SCX Kinetic Limited on 31 January 2020.

Denley Hydraulics Limited was acquired by SCX Kinetic Limited on 1 June 2021. SCX Kinetic Limited is a subsidiary of Kinetic Solutions Group Limited (formerly SCX Kinetic Holdings Limited), which is controlled by funds managed by Elysian Capital II LP.

An element of the funding secured to acquire the SCX Special Projects Group is held by the company, comprising bank term loans and shareholder loan notes.

Financial instruments

The institutional loan notes which comprise an element of the acquisition funding are on fixed interest rates. The interest charged on the senior debt facilities in the company is at a variable interest rate. The risk surrounding interest rate variations is reviewed regularly by the directors. Given the current quantum of senior debt, the impact of a potential increase in the interest charged is considered not to represent a material risk to the company and wider group.

Principal risks and uncertainties

The directors do not consider there to be any material principal risks or uncertainties other than those involving financial instruments disclosed above. Details of the wider group's financial instruments and principal risks and uncertainties are disclosed in the consolidated financial statements of Kinetic Solutions Group Limited.

Key performance indicators

As the company is a holding company, the directors do not consider there to be any significant key performance indicators.

On behalf of the board

D Pickard

.....
D R Pickard

Director

Date: 25/08/23
.....

SCX KINETIC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of a holding company.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid (2022 - £nil). The directors do not recommend payment of a final dividend.

Directors

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

J A Cunningham

P Greves

M J Puttick

A D Whitworth

S Henning

(Resigned 30 June 2022)

K A Noble

(Resigned 3 February 2023)

D R Pickard

(Appointed 3 October 2022)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Future developments

The company is expected to continue to be a holding company for the foreseeable future.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Matter of strategic importance

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instruments and principal risks and uncertainties.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

SCX KINETIC LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Going concern

At 31 March 2023, the company had net current liabilities of £10,132,897 (2022 - £5,558,167). During the year, the company made a loss before taxation of £1,680,617 (2022 - £970,391). Included within creditors due within one year, is £6,912,866 (2022 - £6,193,653) owed to group undertakings and it is unlikely that this amount will be called for payment within twelve months following the signing date of these financial statements. The directors have reviewed the performance of the wider group and considered the impact of rising inflation, energy and material costs on the group's trade, workforce and supply chain, as well as the wider economy.

The directors have reviewed the liquidity position of the group and facilities available to it, including a letter of support from the parent, and concluded that, at the time of approving the financial statements, they have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of preparation for these financial statements.

On behalf of the board

D Pickard

.....
D R Pickard
Director

Date: 25/08/23

SCX KINETIC LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Strategic Report and the Directors' 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCX KINETIC LIMITED

Opinion

We have audited the financial statements of SCX Kinetic Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of income and retained earnings, the statement of financial position 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 FRS 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 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 the audit:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCX KINETIC LIMITED (CONTINUED)

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 strategic report or 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 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 directors' responsibilities statement set out on page 4, 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 the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCX KINETIC LIMITED (CONTINUED)


As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located 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.



Peter Adams FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL
25/08/23.....

SCX KINETIC LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Administrative expenses		(1,209,041)	(819,188)
Other operating income		933,696	727,318
Operating loss		(275,345)	(91,870)
Interest receivable and similar income	5	-	400,000
Interest payable and similar expenses	6	(1,405,272)	(1,278,521)
Loss before taxation		(1,680,617)	(970,391)
Tax on loss	7	286,176	283,987
Loss for the financial year		(1,394,441)	(686,404)
Retained earnings brought forward		(2,174,543)	(1,488,139)
Retained earnings carried forward		(3,568,984)	(2,174,543)

SCX KINETIC LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Intangible assets	8		10,500		-
Investments	9		27,650,193		27,650,193
			<u>27,660,693</u>		<u>27,650,193</u>
Current assets					
Debtors	11	650,407		480,209	
Cash at bank and in hand		16,830		212,021	
		<u>667,237</u>		<u>692,230</u>	
Creditors: amounts falling due within one year	12	(10,800,134)		(6,250,397)	
Net current liabilities			<u>(10,132,897)</u>		<u>(5,558,167)</u>
Total assets less current liabilities			17,527,796		22,092,026
Creditors: amounts falling due after more than one year	13		(15,352,555)		(18,522,344)
Net assets			<u>2,175,241</u>		<u>3,569,682</u>
Capital and reserves					
Called up share capital	17		2		2
Share premium account	18		5,744,223		5,744,223
Profit and loss reserves	18		(3,568,984)		(2,174,543)
Total equity			<u>2,175,241</u>		<u>3,569,682</u>

The financial statements were approved by the board of directors and authorised for issue on 25/08/23 and are signed on its behalf by:

D Pickard

.....
D R Pickard
Director

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

SCX Kinetic Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 30 Roman Ridge Road, Sheffield, South Yorkshire, S9 1GA.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) regulations 2008.

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.

Reduced disclosure framework

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 publicly available 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 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Kinetic Solutions Group Limited. These consolidated financial statements are available from its registered office, 30 Roman Ridge Road, Sheffield, South Yorkshire, United Kingdom, S9 1GA.

Going concern

At 31 March 2023, the company had net current liabilities of £10,132,897 (2022 - £5,558,167). During the year, the company made a loss before taxation of £1,680,617 (2022 - £970,391). Included within creditors due within one year, is £6,912,866 (2022 - £6,193,653) owed to group undertakings and it is unlikely that this amount will be called for payment within twelve months following the signing date of these financial statements. The directors have reviewed the performance of the wider group and considered the impact of rising inflation, energy and material costs on the group's trade, workforce and supply chain, as well as the wider economy.

The directors have reviewed the liquidity position of the group and facilities available to it, including a letter of support from the parent, and concluded that, at the time of approving the financial statements, they have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future. The directors therefore continue to adopt the going concern basis of preparation for these financial statements.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Intangible assets under development are not amortised until they are brought into use by the company,

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 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 trade debtors, other debtors, accrued income 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 other creditors, accruals, bank loans, amounts owed to group undertakings and loan notes, 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.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or other debtors.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any judgements that have a significant effect on the financial statements except those involving estimation uncertainty.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of fixed asset investments

The company reviews the carrying value of its investments for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. See note 9 for the carrying amount of investments.

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

3 Employees

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

	2023 Number	2022 Number
Directors	3	3
Managers	4	4
Total	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	732,706	609,483
Social security costs	101,372	83,664
Pension costs	102,585	69,690
	<u>936,663</u>	<u>762,837</u>

4 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	390,443	290,072
Company pension contributions to defined contribution schemes	43,909	20,560
	<u>434,352</u>	<u>310,632</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	127,240	102,297
Company pension contributions to defined contribution schemes	21,667	10,077
	<u></u>	<u></u>

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Interest receivable and similar income

	2023 £	2022 £
Income from fixed asset investments		
Income from shares in group undertakings	-	400,000
	<u> </u>	<u> </u>

6 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank loans	268,038	225,527
Interest on loan notes	1,137,234	1,052,994
	<u> </u>	<u> </u>
	1,405,272	1,278,521
	<u> </u>	<u> </u>

7 Taxation

	2023 £	2022 £
Deferred tax		
Origination and reversal of timing differences	(286,176)	(264,809)
Changes in tax rates	-	(19,122)
Adjustment in respect of prior periods	-	(56)
	<u> </u>	<u> </u>
Total deferred tax	(286,176)	(283,987)
	<u> </u>	<u> </u>

The total tax credit for the year included in the statement of income and retained earnings can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2023 £	2022 £
Loss before taxation	(1,680,617)	(970,391)
	<u> </u>	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(319,317)	(184,374)
Tax effect of expenses that are not deductible in determining taxable profit	28,756	855
Group relief	73,067	58,265
Group income	-	(76,000)
Remeasurement on deferred tax for changes in tax rates	(68,682)	(82,733)
	<u> </u>	<u> </u>
Taxation credit for the year	(286,176)	(283,987)
	<u> </u>	<u> </u>

The March 2021 Budget announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. The UK deferred tax asset as at 31 March 2023 has been calculated based on this rate, with any additional movements in the tax charge as a result of the change in rates shown in the reconciliation above.

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Intangible fixed assets

	Assets under development £
Cost	
Additions	10,500
At 31 March 2023	10,500
Carrying amount	
At 31 March 2023	10,500
At 31 March 2022	-

At the year end, the company had contractual commitments of £nil (2022 - £nil) to acquire intangible fixed assets. Amortisation is charged when assets are brought into use and is recognised in administrative expenses.

9 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	10	27,650,193	27,650,193

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2022 & 31 March 2023	27,650,193
Carrying amount	
At 31 March 2023	27,650,193
At 31 March 2022	27,650,193

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
SCX Special Projects Holdings Limited	1	Holding company	Ordinary	100.00	-
SCX Special Projects Limited	1	Design and manufacturer of handling and access equipment	Ordinary	-	100.00
Denley Hydraulics Limited	2	Manufacturer of access equipment	Ordinary	100.00	-

Registered office addresses (all UK unless otherwise indicated):

- 1 30 Roman Ridge Road, Sheffield, S9 1GA
- 2 Spen Vale Street, Heckmondwike, West Yorkshire, WF16 0NQ

11 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	-	63,234
Other debtors	17,244	3,420
Prepayments and accrued income	2,500	69,068
	<u>19,744</u>	<u>135,722</u>
Deferred tax asset (note 15)	630,663	344,487
	<u>650,407</u>	<u>480,209</u>

12 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans	14	3,807,022	-
Amounts owed to group undertakings		6,912,866	6,193,653
Taxation and social security		33,794	23,436
Other creditors		10,711	12,633
Accruals and deferred income		35,741	20,675
		<u>10,800,134</u>	<u>6,250,397</u>

Amounts owed to group undertakings are interest free and repayable on demand.

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Loan notes	14	12,843,614	12,843,614
Bank loans	14	-	4,307,022
Accruals		2,508,941	1,371,708
		<u>15,352,555</u>	<u>18,522,344</u>

14 Borrowings

	2023 £	2022 £
Loan notes	12,843,614	12,843,614
Bank loans	3,807,022	4,307,022
	<u>16,650,636</u>	<u>17,150,636</u>
Payable within one year	3,807,022	-
Payable after one year	<u>12,843,614</u>	<u>17,150,636</u>

Bank loans of £3,807,022 (2022 - £4,307,022) are secured by a fixed and floating charge over the assets of the company and are repayable in full in January 2026. The bank can call for repayment of the loan in full at any time. Interest is charged at SONIA compounded reference rate. The bank loan was repaid in full on 31 July 2023.

Loan notes of £12,843,614 (2022 - £12,843,614) are unsecured and repayable in full in January 2027. Interest is charged at 8% per annum and is compounded until the interest is repaid.

15 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Assets 2023 £	Assets 2022 £
Balances:		
Short term timing differences	<u>630,663</u>	<u>344,487</u>
Movements in the year:		2023 £
Asset at 1 April 2022		(344,487)
Credit to profit or loss		<u>(286,176)</u>
Asset at 31 March 2023		<u>(630,663)</u>

SCX KINETIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Retirement benefit schemes

	2023	2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	102,585	69,690

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £8,414 (2022 - £6,239) were payable to the fund at the year end and are included in other creditors.

17 Share capital

	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	2	2	2	2

The Ordinary shares of £1 each are non-redeemable, hold full voting rights and the right to receive dividends.

18 Reserves

Share premium

The share premium represents the excess of the nominal value of shares issued over their consideration.

Profit and loss reserves

The profit and loss reserve records the cumulative profit and loss net of distribution to shareholders.

19 Related party transactions

The group has issued loan notes with a nominal value of £9,486,754 (2022 - £9,486,754) to Elysian Capital II LP and £597,636 (2022 - £597,636) to Elysian Capital Executive Management LP. The loan notes bear interest at 8% compounded annually. The group and Elysian Capital LLP are related parties due to the existence of common members / directorships and because the private equity funds Elysian Capital II LP and Elysian Capital Executive Management LP, which are managed by Elysian Capital LLP, own a controlling interest in Kinetic Solutions Group Limited. Total interest payable during the year is £819,811 (2022 - £759,084) and £56,512 (2022 - £52,326) respectively. The total balances at the year end are £9,486,754 (2022 - £9,486,754) nominal and £1,580,689 (2022 - £760,878) of interest to Elysian Capital II LP and £597,636 (2022 - £597,636) nominal and £165,279 (2022 - £108,767) of interest to Elysian Capital Executive Management LP.

The group was charged a monitoring fee of £54,395 (2022 - £13,599) in the year by Elysian Capital LLP. The amount outstanding at 31 March 2023 was £14,278 (2022 - £13,599).

At 31 March 2023, loan notes of £584,160 (2022 - £584,160) were due to a director of the company. During the year, interest of £55,238 (2022 - £51,146) accrued on the loan at a compounded rate of 8%. At 31 March 2023, interest of £161,531 (2022 - £106,293) was included in accruals due after more than one year.

20 Ultimate controlling party

The group is controlled by Elysian Capital II LP on the basis that it holds a controlling investment in the voting rights of Kinetic Solutions Group Limited.

The smallest and largest set of consolidated accounts, which include the results of SCX Kinetic Limited, are prepared by Kinetic Solutions Group Limited. Copies of which are available from the Registrar.