

# **Kardex Systems (UK) Limited**

Annual report and financial statements

Registered number 00960163

For the year ended 31 December 2022

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COMPANIES HOUSE

**COMPANY INFORMATION**

**DIRECTORS**

Andreas Nilsson  
Anita Heen  
Karl deSouza

**REGISTERED OFFICE**

1st Floor Stag House  
Old London Road  
Hertford  
Hertfordshire  
SG13 7LA

**INDEPENDENT AUDITOR**

RSM UK Audit LLP  
Chartered Accountants  
Third Floor, Priory Place  
New London Rd  
Chelmsford, Essex  
CM2 0PP

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## **Strategic report**

Kardex Systems (UK) Limited remains the market leader in the UK for the supply and servicing of automated storage and retrieval systems.

### **Business review and key performance indicators**

The key financial measures that the directors consider important are turnover and gross profit margin.

During the year the company recovered back from the Pandemic in 2020/2021. The full year turnover increased from £11,791k to £13,513k. Many of our traditional manufacturing customers were severely challenged by the pandemic, but strong market demand for our systems and services remained in essential service sectors such as pharmaceuticals, healthcare, food & drink, e-commerce and warehouse & distribution. Gross profit margin reduced by 1.8% to 39.7% (2021: 41.5%). The profit before taxation for the year was £2,097k (2021: £1,869k).

The outlook for our product and solutions remains extremely favourable, as customers look to optimize their storage capacity, increase productivity and improve picking accuracy, particularly in the e-commerce, warehouse, logistics and distribution space.

Our service revenue remains strong although Coronavirus presented new challenges. Access to many customer locations was limited during the height of the lockdown, but we continued to service essential service suppliers throughout the pandemic.

2022 recovered fully back to Pre pandemic level and even with the dividend paid to the parent company during the year, the balance sheet remains strong, with year-end cash reserves of £6,917k (2021: £6,209k) and net current assets of £3,715k (£3,056k).

### **Principal risks and uncertainties**

The principal risks and uncertainties are: the competitive market in which the company operates, the GBP to Euro exchange rate, Global pandemics such as Coronavirus, Political and international trade factors such as the UK withdrawal from the EU, and the general UK economic climate. The UK directors regularly discuss ways to mitigate the impact of these factors.

As part of its duty to supervise the Company, the Board of Directors of the parent company, Kardex AG, performs a systematic risk assessment at least once a year. The risk assessment is based on a company-specific risk universe and on information obtained from interviews with division and Group management, including Directors of Kardex Systems (UK) Limited. Risks are recorded according to their likelihood, reputational risk and potential financial impact. This process is supported by a risk matrix that describes and values the substantial risks valid for the Group according to the following categories: external environment, strategy, management and leadership, production, marketing and sales, information technology, finance and compliance. Measures to mitigate these risks are also contained in the risk matrix.

**Strategic report (continued)**

**Going concern**

The directors have prepared operational budgets and forecasts covering the period through to June 2024 which demonstrate the company's order book, coupled with forecast levels of operating costs and current liquid resources, are sufficient to ensure the company can continue to trade for a minimum of 12 months from the anticipated date of sign off. The directors, having made appropriate enquiries, consider that the company has adequate resources to continue in the operational business for the foreseeable future and have therefore continued to adopt the going-concern basis in preparing the financial statements. In addition to regular business we won an order for £7m for another Kardex division Autostore that is allowing us to move into another level of automation.

The outlook for the automated storage and retrieval market remains strong as manufacturers continue to look to automation for productivity improvements. There remains growth opportunities in certain sectors for our products, such as the Pharmaceuticals, Healthcare, Food & Drink, E-commerce and Warehouse & Distribution sectors. The trade agreement reached between the UK and EU has taken away the Brexit uncertainty, particularly for our multinational customers.

On behalf of the Board



**Anita Heen**  
Director



**Andreas Nilsson**  
Director

North Suite  
First Floor  
Stag House  
Old London Road  
Hertford  
Hertfordshire  
SG13 7LA

26<sup>th</sup> June 2022

## **Directors' report**

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

### **Principal activities**

The principal activity of the company continued to be the marketing, distribution, installation and servicing of automated storage and retrieval systems, software and ancillary equipment.

### **Dividends**

£1,000k of dividends were paid to Kardex AG (100% shareholder) in respect of the current financial year (2021: £1,800k).

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were;

Anita Heen  
Karl deSouza  
Andreas Nilsson

### **Future Developments**

The UK business will solidify and look to expand upon the systems arm of the business moving into 2023/24. Concentrating on key market segments alongside core product and application software, we forecast significant growth in the UK under the systems part of the company. In conjunction with the systems development, the UK product market will continue to grow in line with UK economy expectations through to 2025 and will remain the core revenue for the UK. Moving forward we look to leverage the latest software developments within Kardex such as web based apps to expand out product reach within new and existing clients. Our global realisation processes have been updated in 2023 and this will allow a greater control of our project costs alongside the developments made within the sales processes.

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **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.

**Independent Auditors**

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be reappointed as auditor in absence of an Annual General Meeting.

On behalf of the board



**Anita Heen**  
*Director*



**Andreas Nilsson**  
*Director*

North Suite  
First Floor  
Stag House  
Old London Road  
Hertford  
Hertfordshire  
SG13 7LA

26th June 2023

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the 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; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KARDEX SYSTEMS (UK) LIMITED**

### **Opinion**

We have audited the financial statements of Kardex Systems (UK) Limited (the 'company') for the year ended 31 December 2022 which comprise Profit and Loss Account, Balance Sheet, Statement of Changes in Equity 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 December 2022 and of its profit 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.

#### **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; or

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

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, compliance with the Companies Act 2006 and Tax and Pension 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 and other third party experts. We also examined a sample of direct and indirect tax returns, submissions and settlements to ensure such submissions were made in line with statutory and reporting requirements.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations.

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: <http://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.

*N. C. CATTINI*

NICHOLAS CATTINI (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Third Floor, Priory Place  
New London Road  
Chelmsford, Essex  
CM2 0PP  
26<sup>th</sup> June 2023

**Profit and loss account**  
*for the year ended 31 December 2022*

	<i>Note</i>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>13,513</b>	<b>11,791</b>
Cost of sales		<b>(8,150)</b>	<b>(6,902)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>5,363</b>	<b>4,889</b>
Distribution costs		<b>(1,336)</b>	<b>(1,023)</b>
Administrative expenses		<b>(1,945)</b>	<b>(2,053)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<b>5</b>	<b>2,082</b>	<b>1,813</b>
Interest receivable and similar income	<b>3</b>	<b>20</b>	<b>14</b>
Interest payable and similar expenses	<b>4</b>	<b>(4)</b>	<b>(5)</b>
Other Operating Income (Furlough Grant)		<b>-</b>	<b>47</b>
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>2,097</b>	<b>1,869</b>
Tax on profit	<b>6</b>	<b>(398)</b>	<b>(392)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>1,699</b>	<b>1,477</b>
		<hr/>	<hr/>

**Statement of comprehensive income**  
*for the year ended 31 December 2022*

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Profit for the financial year</b>	<b>1,699</b>	<b>1,477</b>
Other comprehensive income	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>1,699</b>	<b>1,477</b>
	<hr/>	<hr/>

The notes on pages 15 to 28 form part of the financial statements.

**Balance sheet**  
**at 31 December 2022**

	<i>Note</i>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	9	40	60
<b>Current assets</b>			
Stocks	10	894	1,076
Debtors	11	3,512	1,971
Cash at bank and in hand		5,417	6,209
		<b>9,823</b>	<b>9,256</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(6,108)</b>	<b>(6,260)</b>
<b>Net current assets</b>		<b>3,715</b>	<b>2,996</b>
<b>Total assets less current liabilities</b>		<b>3,755</b>	<b>3,056</b>
Post-employment benefits	13	-	-
<b>Net assets</b>		<b>3,755</b>	<b>3,056</b>
<b>Capital and reserves</b>			
Called up share capital	14	828	828
Share premium account	14	3	3
Capital redemption reserve	14	10	10
Profit and loss account	14	2,914	2,215
<b>Total Shareholders' funds</b>		<b>3,755</b>	<b>3,056</b>

The notes on pages 15 to 28 form part of the financial statements. These financial statements were approved by the board of directors on 26th June 2023 and were signed on its behalf by:

*A. Heen*

**Anita Heen**

*Director*

*Andreas Nilsson*

**Andreas Nilsson**

*Director*

Company registration number: 00960163

**Statement of changes in equity  
for the year ended 31 December 2022**

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Capital redemption reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholders' funds £000</b>
<b>Balance at 1 January 2021</b>	<b>828</b>	<b>3</b>	<b>10</b>	<b>2,538</b>	<b>3,379</b>
Profit for the financial year	-	-	-	1,477	1,477
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	<b>4,015</b>	<b>4,856</b>
Dividends Paid	-	-	-	(1,800)	(1,800)
<b>Balance at 1 January 2022</b>	<b>828</b>	<b>3</b>	<b>10</b>	<b>2,215</b>	<b>3,056</b>
Profit for the financial year	-	-	-	1,699	1,699
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	<b>3,914</b>	<b>4,755</b>
Dividends Paid	-	-	-	(1,000)	(1,000)
<b>Balance at 31 December 2022</b>	<b>828</b>	<b>3</b>	<b>10</b>	<b>2,914</b>	<b>3,755</b>

**Notes to the financial statements**  
*(forming part of the financial statements)*

**1 General information**

Kardex Systems (UK) Limited ("the company") supplies and services automated storage and retrieval systems. The company is a private company limited by shares and is incorporated and domiciled in England and Wales (United Kingdom). The address of its registered office is: North Suite, First Floor, Stag House Old London Road, Hertford, Hertfordshire, SG13 7LA.

**Statement of Compliance**

The individual financial statements of Kardex Systems (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The financial statements have been presented in sterling and amounts have been rounded to the nearest whole thousand unless otherwise stated.

**1.1 Summary of significant accounting policies**

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

***Basis of preparation***

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable Accounting Standards in the UK.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in this note.

***Exemptions for qualifying entities under FRS102***

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions, given its results are included in the consolidated financial statements of its parent company, Kardex AG. These financial statements can be obtained from the address given in note 17.

- Under FRS 102 paragraph 1.12(b), the company is exempt from the requirement to prepare a cash flow statement on the basis that it is a qualifying entity and its ultimate parent company, Kardex AG, includes the company's cash flows in its own published consolidated financial statements;
- Under FRS102 paragraph 33.1A, the company is exempt from disclosing transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties);
- Under FRS102 paragraph 33.7, the company is exempt from the disclosure of key management personnel compensation in total.

***Going Concern***

The directors, having made appropriate enquiries and prepared operational budgets and cash flow forecasts covering the period to June 2024, consider that the company has adequate resources to continue in the operational business for the foreseeable future, and for a period of at least 12 months from the date of approval of these financial statements, and have therefore continued to adopt the going-concern basis in preparing the financial statements.

The outlook for the automated storage and retrieval market remains strong as manufacturers continue to look to automation for productivity improvements. There remains growth opportunities in certain sectors for our products, such as the Pharmaceuticals, Healthcare, Food & Drink, E-commerce and Warehouse & Distribution sectors.

## 1.1 Summary of significant accounting policies (continued)

### *Going Concern (continued)*

The trade agreement reached between the UK and EU has taken away the Brexit uncertainty, particularly for our multinational customers.

The company has a strong order book and liquid resources including approximately £6.5m of cash and cash equivalents, as well as no third party debt. For this reason, the directors are satisfied the assessment of going concern is free from any material uncertainty.

### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful lives over the following periods:

Leasehold improvements	- ten years or the unexpired period of the lease if less than ten years
Fixtures, fittings and equipment	- three to five years

Each asset is depreciated on a straight-line basis.

### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Costs include contract work in progress that represents costs incurred on installations incomplete at the reporting date, as well as a relevant proportion of overhead expenses.

Contract work in progress represents the cost of goods delivered by the company's parent undertaking relating to installation jobs that have not completed at the balance sheet date and are stated at cost.

### *Taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

### *Foreign currencies*

The company's functional and presentational currency is pound sterling, with amounts rounded to the nearest £000s unless otherwise stated.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### *Turnover*

Turnover is the total amount receivable by the Company in the ordinary course of business with outside customers for goods supplied and services provided excluding VAT.



## 1.1 Summary of significant accounting policies (continued)

### *Turnover (continued)*

Service revenue is recognised evenly over the period to which the customer is entitled to receive benefits under the service agreement.

Order and installation revenues are recognised on completion of the installation, when the outcome of the transaction can be assessed reliably and the risk and rewards are transferred. Where cash received exceeds the revenues receivable based on work performed to date, the balance is included as payments on account within creditors.

### *Leases*

#### *Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating lease rentals are charged to the profit and loss account on a straight-line basis over the life of the lease.

### *Pensions*

The company previously operated a defined benefit pension scheme providing benefits based on final pensionable pay. A defined benefit scheme is a pension plan that is not a defined contribution scheme. The assets of the scheme are held separately from those of the company. The Scheme completed the Buy Out Scheme in November 2022 and the Pension Scheme is now under the full control of Legal & General.

### *Dividends*

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends are recognised when paid.

### **Critical judgements in applying the entity's accounting policies**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The main estimates and assumptions are set out below, but these are not considered to be critical, as there is not deemed to be a significant risk of material adjustment within the next financial year.

In the opinion of the directors, there are no critical accounting estimates and/or judgements.

**Notes to the financial statements (continued)**

**2 Turnover**

All turnover of the company is derived from the company's principal business as described in the Directors' report. An analysis of turnover by geographical market is given below:

	2022 £000	2021 £000
United Kingdom	12,828	10,486
Rest of Europe	685	1,305
	<u>13,513</u>	<u>11,791</u>

**3 Interest receivable and similar income**

	2022 £000	2021 £000
Interest income on intercompany loan	20	14
	<u>20</u>	<u>14</u>

**4 Interest payable and similar expenses**

	2022 £000	2021 £000
Other interest	4	5
	<u>4</u>	<u>5</u>

**5 Profit before taxation**

*Profit before taxation is stated after charging / (crediting):*

	2022 £000	2021 £000
Depreciation	37	46
Operating lease charges – plant and machinery	8	9
Operating lease charges - hire of other assets	279	204
Profit / (loss) on foreign exchange	10	(9)
<i>Auditors' remuneration</i>		
Audit of these financial statements	32	27
	<u>32</u>	<u>27</u>

Notes to the financial statements (continued)

6 Tax on profit on ordinary activities

Analysis of charge in year	2022 £000	2021 £000
<i>UK Corporation Tax</i>		
Current tax on income for the period	402	360
Adjustment in respect of previous years	(1)	35
	<hr/>	<hr/>
Current tax at 19% (2021: 19%)	401	395
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(3)	(6)
Adjustments in respect of prior periods	(1)	3
	<hr/>	<hr/>
Total deferred tax	(4)	(3)
	<hr/>	<hr/>
Total tax expense	397	392
	<hr/>	<hr/>

The tax assessed for the year remains the same as the standard corporation rate in the UK of 19% (2021: 19%).

*Factors affecting the tax charge for the current year*

	2022 £000	2021 £000
Profit before taxation	2,097	1,869
	<hr/>	<hr/>
Current tax at 19% (2021: 19%)	398	355
<i>Effects of:</i>		
Tax Rate differences	(1)	1
Expenses not deductible for tax purposes	2	1
Adjustments in respect of previous years	(1)	35
Remeasurement of deferred tax for changes in tax rates	(1)	-
	<hr/>	<hr/>
Total tax charge	397	392
	<hr/>	<hr/>

**Notes to the financial statements (continued)**

**7 Staff numbers and costs**

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

	<b>Number of employees</b>	
	<b>2022</b>	<b>2021</b>
Sales and services	60	56
Administrative and management	10	12
	<hr/>	<hr/>
	70	68
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	3,016	3,010
Social security costs	424	445
Other pension costs	139	138
	<hr/>	<hr/>
	3,579	3,593
	<hr/>	<hr/>

**8 Remuneration of directors**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	138	143
Company contributions to money purchase pension schemes	11	15
	<hr/>	<hr/>
	149	158
	<hr/>	<hr/>

The remuneration of the directors is partially borne by other group companies for which a recharge is made.

	<b>Number</b>	
	<b>2022</b>	<b>2021</b>
Number of directors who are:		
Members of money purchase pension schemes	3	4
	<hr/>	<hr/>

Notes to the financial statements (continued)

9 Tangible assets

	Leasehold improvements	Fixtures, fittings and equipment	Total
	£000	£000	£000
<i>Cost</i>			
At 1 January 2022	111	287	398
Additions	5	11	11
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>116</b>	<b>298</b>	<b>414</b>
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 1 January 2022	88	250	338
Charge for the year	11	26	37
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>99</b>	<b>276</b>	<b>375</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
<b>At 31 December 2022</b>	<b>17</b>	<b>22</b>	<b>39</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2021	23	37	60
	<hr/>	<hr/>	<hr/>

10 Stocks

	2022 £000	2021 £000
Finished goods and goods for resale	217	179
Contract work in progress	677	897
	<hr/>	<hr/>
	<b>893</b>	<b>1,076</b>
	<hr/>	<hr/>

The replacement value of stock does not materially differ from the carrying values.

**Notes to the financial statements (continued)**

**11 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	1,751	1,535
Amounts owed by group undertakings	77	129
Other debtors	1,500	81
Prepayments and accrued income	184	226
	<u>3,512</u>	<u>1,971</u>

Amounts owed by group undertakings are interest-free, unsecured and repayable on demand.

**12 Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	398	165
Payments on account	1,633	2,204
Amounts owed to group undertakings	465	375
Other taxation and social security	655	883
Corporation tax	122	36
Accruals and deferred income	2,834	2,597
	<u>6,108</u>	<u>6,260</u>

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

**Notes to the financial statements (continued)**

**13 Post-employment benefits**

**Defined Contribution Scheme**

The company have now completed the Buy Out Scheme and the Pension Scheme is now under the control of Legal & General. The Buy Out was completed in November 2022.

**14 Share Capital & Reserves**

Called up share capital	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid:</b>		
828,000 (2020: 828,000) ordinary shares of £1 each	<b>828</b>	<b>828</b>
	<hr/>	<hr/>

Dividends of £1,800,000 (2021: £2,000,000) were paid in the year amounting to 217 pence per share (2021: 242 pence per share).

**Reserves**

Reserves of the Company represent the following:

*Share Premium*

Consideration received for shares issued above their nominal value net of transaction costs.

*Capital Redemption Reserve*

The nominal value of shares repurchased and still held at the end of the reporting period.

*Profit and loss account*

Cumulative profit and loss net of distributions to owners.

**15 Deferred taxation**

The elements of deferred taxation are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
At start of year	<b>(6)</b>	<b>(9)</b>
Charge to profit and loss account for the year	<b>3</b>	<b>3</b>
	<hr/>	<hr/>
At end of year	<b>(3)</b>	<b>(6)</b>
	<hr/>	<hr/>

**Notes to the financial statements (continued)**

	<b>Recognised 2022 £000</b>	<b>Recognised 2021 £000</b>
Difference between accumulated depreciation and capital allowances	(3)	(6)
Deferred tax asset	(3)	(6)

**16 Commitments**

The company had no capital commitments at either the current or preceding year end.

At 31 December, the company had the following minimum lease payments under non-cancellable operating leases for each of the following years:

	<b>2022</b>		<b>2021</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
Amounts payable:				
Not later than one year	0	190	90	117
Later than one year and not later than five years	0	261	0	112
	<u>0</u>	<u>451</u>	<u>90</u>	<u>229</u>

**17 Ultimate parent undertaking and controlling party**

Within the meaning of the Companies Act 2006, Kardex AG, a company incorporated in Switzerland, is the company's ultimate parent company and controlling party, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Kardex AG owns 100% of the issued share capital of Kardex Systems (UK) Limited. Copies of the Kardex AG financial statements are available from the investor relations section of the Kardex AG web site [www.kardex.com](http://www.kardex.com).