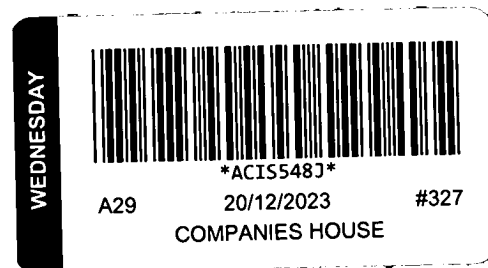


Registered number: 09461411

KETECH ENTERPRISES LIMITED

Annual Report and Financial Statements

For the Year Ended 31 August 2023



KETECH ENTERPRISES LIMITED

Company Information

Directors

M Dixon
D C Lawrenson
R J Moon
S J Speake
C Baxter
P J Warren
G J Chadwick

Registered number

09461411

Registered office

First Floor
3 Fulwood Office Park
Caxton Road
Fulwood
Preston
PR2 9NZ

Independent auditors

PKF Smith Cooper Audit Limited
Statutory Auditors
2 Lace Market Square
Nottingham
NG1 1PB

KETECH ENTERPRISES LIMITED

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KETECH ENTERPRISES LIMITED

Group strategic report For the Year Ended 31 August 2023

Introduction

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

Business review

Ketech Enterprises Limited aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties that we face.

The Directors consider that the results for the year and the financial position at the year end were very strong. As expected, the business performance was very much in line with the previous year and early indications are that 2023/24 will be another strong profit year.

Recurring revenues and repeat order levels continue to grow and now provide a strong known revenue base at the beginning of each period. Larger orders are then layered onto this level of known revenue to provide strong profit returns for the Group.

Principal risks and uncertainties

The Group remains focused and committed to managing the factors which affected our business over the last twelve months.

We have continued to see a level of upheaval in the rail industry. Train operating companies are struggling to run franchises at the expected levels of return and the high-profile cancellation of the HS2 project, although not unexpected, has added a level of uncertainty as to where investment will now be made. The Group has successfully managed to mitigate the investment inertia from the DfT in the letting of large rail contracts, and the rail business provided a very encouraging result, particularly in the second half of the financial year.

The war in Ukraine, along other geo-political tensions, has generated further opportunities for the Defence side of the business that the Board expect to come to fruition in the next financial year.

Inflationary pressures continue in the supply chain, although they seem now to have peaked. The product development roadmap of the Group has sought to improve the later versions of the Group's products and make changes and updates far easier to push out to the customer base. These developments have assisted the Group to mitigate the inflationary pressure on the cost base.

The Group remains committed to its strategic plan and investment in new product development which has continued in the last financial year. Cash balances have again been boosted by another strong profit performance.

KETECH ENTERPRISES LIMITED

Group strategic report (continued) For the Year Ended 31 August 2023

Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and position of the Group as a whole, those being pre-tax profit and return on capital employed.

Pre-tax profit for the year was £1,461 thousand, (2022: £1,458 thousand).

Return on Capital Employed, defined as earnings before interest and tax divided by total assets less current liabilities is 24.3% (2022: 32.2%).

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, all balances are managed in order to ensure all liabilities are met to terms.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for bad and doubtful debtors.

Trade creditors liquidity risk is managed by ensuring that there are sufficient funds available to meet amounts due.

The liquidity of the business remains in a very strong position at the year end with a current ratio of 4.6 (2022: 5.7).

This report was approved by the board on 18 December 2023 and signed on its behalf.



.....
D C Lawrenson
Director

KETECH ENTERPRISES LIMITED

Directors' report For the Year Ended 31 August 2023

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,240 thousand (2022 - £1,307 thousand).

During the year dividends amounting to £Nil (2022 - £Nil) were paid.

Directors

The directors who served during the year were:

M Dixon
D C Lawrenson
R J Moon
S J Speake
C Baxter
P J Warren

Research and development activities

The Group has undertaken research and development activities during the year. The costs charged to the profit and loss account in the year are £49k (2022: £13k).

Qualifying third party indemnity provisions

The directors benefit from a qualifying third party indemnity provision in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the year. The qualifying indemnity provision was in force throughout the financial year and up to the date of approval of the Directors' Report.

KETECH ENTERPRISES LIMITED

Directors' report (continued) For the Year Ended 31 August 2023

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

On 28 September 2023, the shares held in treasury by the company were sold.

Auditors

The auditors, PKF Smith Cooper Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
D C Lawrenson
Director

Date: 18 December 2023

KETECH ENTERPRISES LIMITED

Independent auditors' report to the members of KeTech Enterprises Limited

Opinion

We have audited the financial statements of KeTech Enterprises Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2023, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 of the parent Company's affairs as at 31 August 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Group's or the parent 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.

KETECH ENTERPRISES LIMITED

Independent auditors' report to the members of KeTech Enterprises Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion 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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 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 Directors' responsibilities statement set out on page 3, 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.

KETECH ENTERPRISES LIMITED

Independent auditors' report to the members of KeTech Enterprises Limited (continued)

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. Based on our understanding of the Group and industry, we identify the key laws and regulations affecting the Group. 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:

We identified that the principal risk of fraud or non-compliance with laws and regulations related to:

- Management bias in respect of accounting estimates and judgements made;
- Management override of control;
- Posting of unusual journals or transactions.

We focussed on those areas that could give rise to a material misstatement in the Group financial statements.

Our procedures included, but were not limited to:

- Enquiry of management and those charged with governance around actual and potential litigation and claims, including instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance where available;
- Reviewing legal expenditure in the year to identify instances of non-compliance with laws and regulations and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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.

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 or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

KETECH ENTERPRISES LIMITED

Independent auditors' report to the members of KeTech Enterprises Limited (continued)

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 Auditors' 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.



James Bagley (Senior statutory auditor)
for and on behalf of

PKF Smith Cooper Audit Limited

Statutory Auditors

2 Lace Market Square

Nottingham

NG1 1PB

18 December 2023

KETECH ENTERPRISES LIMITED

Consolidated statement of comprehensive income For the Year Ended 31 August 2023

	Note	2023 £000	2022 £000
Turnover	3	7,306	6,612
Cost of sales		(2,939)	(2,649)
Gross profit		4,367	3,963
Administrative expenses		(2,971)	(2,476)
Operating profit	4	1,396	1,487
Interest receivable and similar income		65	-
Interest payable and expenses	8	-	(29)
Profit before tax		1,461	1,458
Tax on profit	9	(221)	(151)
Profit for the financial year		1,240	1,307
Profit for the year attributable to:			
Owners of the parent company		(1,240)	(1,307)

There were no recognised gains and losses for 2023 or 2022 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL)

The notes on pages 16 to 32 form part of these financial statements.

KETECH ENTERPRISES LIMITED
Registered number: 09461411

Consolidated balance sheet
As at 31 August 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	12	773	621
Tangible assets	13	145	138
		<u>918</u>	<u>759</u>
Current assets			
Stocks	15	611	592
Debtors: amounts falling due within one year	16	1,770	2,099
Cash at bank and in hand	17	3,979	1,982
		<u>6,360</u>	<u>4,673</u>
Creditors: amounts falling due within one year	18	(1,389)	(820)
		<u>4,971</u>	<u>3,853</u>
Net current assets		<u>4,971</u>	<u>3,853</u>
Total assets less current liabilities		<u>5,889</u>	<u>4,612</u>
Provisions for liabilities			
Deferred tax	20	(181)	(129)
Other provisions	21	(90)	(105)
		<u>(271)</u>	<u>(234)</u>
Net assets		<u><u>5,618</u></u>	<u><u>4,378</u></u>
Capital and reserves			
Called up share capital	22	9	9
Capital redemption reserve	23	4	4
Other reserves	23	(404)	(404)
Profit and loss account	23	6,009	4,769
		<u><u>5,618</u></u>	<u><u>4,378</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DC Lawrenson
.....
D C Lawrenson
Director

Date: 18 December 2023

The notes on pages 16 to 32 form part of these financial statements.

KETECH ENTERPRISES LIMITED
Registered number: 09461411

Company balance sheet
As at 31 August 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	14	4,884	4,884
		<u>4,884</u>	<u>4,884</u>
Current assets			
Debtors: amounts falling due within one year	16	82	80
Cash at bank and in hand	17	7	10
		<u>89</u>	<u>90</u>
Creditors: amounts falling due within one year	18	(4,788)	(4,706)
Net current liabilities		<u>(4,699)</u>	<u>(4,616)</u>
Total assets less current liabilities		<u>185</u>	<u>268</u>
Net assets		<u>185</u>	<u>268</u>
Capital and reserves			
Called up share capital	22	9	9
Capital redemption reserve	23	4	4
Other reserves	23	(404)	(404)
Profit and loss account	23	576	659
		<u>185</u>	<u>268</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D C Lawrenson

.....
D C Lawrenson
Director

Date: 18 December 2023

The notes on pages 16 to 32 form part of these financial statements.

KETECH ENTERPRISES LIMITED

Consolidated statement of changes in equity For the Year Ended 31 August 2023

	Called up share capital £000	Capital redemption reserve £000	Treasury reserve £000	Profit and loss account £000	Total equity £000
At 1 September 2021	10	3	(404)	3,635	3,244
Comprehensive income for the year					
Profit for the year	-	-	-	1,307	1,307
Dividends: Equity capital	-	-	-	(97)	(97)
Shares redeemed during the year	-	1	-	(76)	(75)
Shares redeemed during the year	(1)	-	-	-	(1)
Total transactions with owners	(1)	1	-	(173)	(173)
At 1 September 2022	9	4	(404)	4,769	4,378
Comprehensive income for the year					
Profit for the year	-	-	-	1,240	1,240
At 31 August 2023	9	4	(404)	6,009	5,618

The notes on pages 16 to 32 form part of these financial statements.

KETECH ENTERPRISES LIMITED

Company statement of changes in equity For the Year Ended 31 August 2023

	Called up share capital £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 September 2021	10	3	(404)	861	470
Comprehensive income for the year					
Loss for the year	-	-	-	(29)	(29)
Dividends: Equity capital	-	-	-	(97)	(97)
Shares redeemed during the year	-	1	-	(76)	(75)
Shares redeemed during the year	(1)	-	-	-	(1)
Total transactions with owners	(1)	1	-	(173)	(173)
At 1 September 2022	9	4	(404)	659	268
Comprehensive income for the year					
Loss for the year	-	-	-	(83)	(83)
At 31 August 2023	9	4	(404)	576	185

The notes on pages 16 to 32 form part of these financial statements.

KETECH ENTERPRISES LIMITED

Consolidated statement of cash flows For the Year Ended 31 August 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Profit for the financial year	1,240	1,307
Adjustments for:		
Amortisation of intangible assets	242	112
Depreciation of tangible assets	67	61
Interest paid	-	29
Interest received	(65)	-
Taxation charge	221	151
(Increase)/decrease in stocks	(19)	286
Decrease/(increase) in debtors	329	(66)
Increase/(decrease) in creditors	422	(89)
(Decrease)/increase in provisions	(15)	10
Corporation tax (paid)/received	(22)	-
Net cash generated from operating activities	2,400	1,801
Cash flows from investing activities		
Purchase of intangible fixed assets	(394)	(347)
Purchase of tangible fixed assets	(74)	(79)
Interest received	65	-
Net cash from investing activities	(403)	(426)
Cash flows from financing activities		
Redemption of preference shares	-	(76)
Repayment of loans	-	(2,735)
Dividends paid	-	(97)
Interest paid	-	(29)
Net cash used in financing activities	-	(2,937)
Net increase/(decrease) in cash and cash equivalents	1,997	(1,562)
Cash and cash equivalents at beginning of year	1,982	3,544
Cash and cash equivalents at the end of year	3,979	1,982
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,979	1,982

The notes on pages 16 to 32 form part of these financial statements.

KETECH ENTERPRISES LIMITED

Consolidated Analysis of Net Debt For the Year Ended 31 August 2023

	At 1 September 2022 £000	Cash flows £000	At 31 August 2023 £000
Cash at bank and in hand	1,982	1,997	3,979
Debt due within 1 year	-	-	-
	<u>1,982</u>	<u>1,997</u>	<u>3,979</u>

The notes on pages 16 to 32 form part of these financial statements.

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

1. Accounting policies

1.1 Basis of preparation of financial statements

KeTech Enterprises Limited is a private company limited by shares incorporated in England within the United Kingdom. The address of the registered office is given in the company information page of these financial statements. The company's registration number is 09461411. The principal activity of the company is that of a holding company.

The financial statements have been prepared on a going concern basis under the historical cost convention modified to include items at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Going concern

These financial statements have been prepared on a going concern basis, which assumes that the group and company will continue to trade. The validity of this assumption is dependent on the continued support of the trading subsidiary undertaking, KeTech Systems Limited. If the company were unable to trade, adjustments would have to be made to reduce the values of assets to their recoverable amount, to provide further liabilities that might arise and reclassify fixed assets as current assets.

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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 and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

1.5 Revenue

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.7 Debtors and creditors receivable / payable within one year

Short-term debtors and creditors are measured at transaction price, less any impairment. Loans receivable or payable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.13 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive income over its useful economic life.

1.14 Research and development expenditure

Research expenditure is written off in the year in which it is incurred and charged to the profit and loss account.

Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Capitalised development expenditure is assessed for any indication of impairment annually.

The estimated useful lives range as follows:

Development expenditure	-	3 - 5 years
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KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- Over the life of the lease
Plant and machinery	- 25% straight line and 33.33% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line
Office equipment	- 33.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Debtor provisions - whether or not to impair the debtors of the company is critical, and this depends on the key estimate of their recoverability. The directors implement policies to conduct pre-sales credit checks on customers and to limit credit exposure to individual companies. Additionally, recoverability of debts is reassessed regularly by the management of the company.

Stock provisions - whether or not to impair the stock of the company is critical. This depends on the key estimate of its net realisable value.

Goodwill - the group established a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on factors such as the expected use of the acquired business and the expected useful life of the cash generating units to which the goodwill is attributed.

3. Turnover

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Sale of goods	7,306	6,612

Analysis of turnover by country of destination:

	2023 £000	2022 £000
United Kingdom	3,604	3,835
Rest of Europe	329	403
Rest of the world	3,373	2,374
	7,306	6,612

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

4. Operating profit

The operating profit is stated after charging:

	2023 £000	2022 £000
Research & development charged as an expense	49	13
Depreciation of tangible fixed assets	67	61
Amortisation of intangible fixed assets	242	112
Other operating lease rentals	147	156
Difference on foreign exchange	(1)	(1)
	<u> </u>	<u> </u>

5. Auditors' remuneration

	2023 £000	2022 £000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	5	5
	<u> </u>	<u> </u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Wages and salaries	2,399	2,292	196	181
Social security costs	304	296	19	19
Cost of defined contribution scheme	114	97	7	2
	<u>2,817</u>	<u>2,685</u>	<u>222</u>	<u>202</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Operations & Support	34	35	-	-
Sales & Marketing	9	9	-	-
General Administration & Management	11	12	1	1
	<u>54</u>	<u>56</u>	<u>1</u>	<u>1</u>

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

7. Directors' remuneration

Directors' remuneration paid by the Company was as follows:

	2023 £000	2022 £000
Directors' emoluments	196	181
Group contributions to defined contribution pension schemes	7	2
	<u>203</u>	<u>183</u>

During the year retirement benefits were accruing to 1 director (2022 - 1) in respect of defined contribution pension schemes.

8. Interest payable and similar expenses

	2023 £000	2022 £000
Loan note interest payable	-	29
	<u>-</u>	<u>29</u>

9. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	176	22
Adjustments in respect of prior periods	(7)	-
Total current tax	<u>169</u>	<u>22</u>
Deferred tax		
Origination and reversal of timing differences	42	129
Adjustments in respect of prior periods	10	-
Total deferred tax	<u>52</u>	<u>129</u>
Taxation on profit on ordinary activities	<u>221</u>	<u>151</u>

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 21.5% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	1,461	1,458
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2022 - 19%)	315	277
Effects of:		
Fixed asset differences	1	(3)
Expenses not deductible for tax purposes	20	-
Adjustments to tax charge in respect of prior periods	(7)	-
Adjustments to tax charge in respect of prior periods - deferred tax	9	-
Additional deduction for R&D expenditure	(123)	(118)
Remeasurement of deferred tax for changes in tax rates	6	42
Movement in deferred tax not recognised	-	(47)
Total tax charge for the year	221	151

Factors that may affect future tax charges

From 1 April 2023, the rate of corporation tax in the United Kingdom has increased from 19% to 25%. Companies with profits of £50k or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50k and £250k, the higher 25% rate will apply but with a marginal relief applying as profits increase.

10. Dividends

	2023 £000	2022 £000
Preference shares dividends	-	97
	-	97

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £83 thousand (2022 - loss £29 thousand).

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

12. Intangible assets

Group

	Development expenditure £000	Goodwill £000	Total £000
Cost			
At 1 September 2022	733	2,271	3,004
Additions	394	-	394
At 31 August 2023	1,127	2,271	3,398
Amortisation			
At 1 September 2022	112	2,271	2,383
Charge for the year on owned assets	242	-	242
At 31 August 2023	354	2,271	2,625
Net book value			
At 31 August 2023	773	-	773
At 31 August 2022	621	-	621

There are two development projects included in intangible assets which are material to the financial statements. These projects have a net book value of £189k and £230k at 31 August 2023. The amortisation period for each of these projects is 60 months and 36 months respectively and the remaining useful economic lives of these assets at 31 August 2023 are 45 months and 33 months respectively.

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

13. Tangible fixed assets

Group

	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation						
At 1 September 2022	87	29	5	83	328	532
Additions	18	23	8	12	13	74
At 31 August 2023	<u>105</u>	<u>52</u>	<u>13</u>	<u>95</u>	<u>341</u>	<u>606</u>
Depreciation						
At 1 September 2022	56	16	5	63	254	394
Charge for the year on owned assets	18	5	1	12	31	67
At 31 August 2023	<u>74</u>	<u>21</u>	<u>6</u>	<u>75</u>	<u>285</u>	<u>461</u>
Net book value						
At 31 August 2023	<u>31</u>	<u>31</u>	<u>7</u>	<u>20</u>	<u>56</u>	<u>145</u>
At 31 August 2022	<u>31</u>	<u>13</u>	<u>-</u>	<u>20</u>	<u>74</u>	<u>138</u>

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 September 2022	4,884
At 31 August 2023	<u>4,884</u>

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company and were all included in the consolidation.

Name	Registered office	Principal activity	Class of shares	Holding
Ketech Systems Limited	England	Transport communications systems integration	Ordinary	100%
Ketech Group Limited	England	Holding company	Ordinary	100%

15. Stocks

	Group 2023 £000	Group 2022 £000
Raw materials and consumables	387	287
Work in progress	224	305
	611	592

The value of stock held by the Company is £Nil (2022: £Nil).

Stocks for the Group are stated after provisions for impairment of £39k (2022: £44k).

16. Debtors

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade debtors	788	1,919	-	-
Other debtors	185	-	-	-
Prepayments and accrued income	797	180	82	80
	1,770	2,099	82	80

Trade debtors for the Group are stated after provisions for impairment of £Nil (2022: £Nil).

17. Cash and cash equivalents

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Cash at bank and in hand	3,979	1,982	7	10

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

18. Creditors: Amounts falling due within one year

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Trade creditors	188	138	8	9
Amounts owed to group undertakings	-	-	4,743	4,662
Corporation tax	169	22	-	-
Other taxation and social security	392	250	2	7
Other creditors	34	27	-	-
Accruals and deferred income	606	383	35	28
	<u>1,389</u>	<u>820</u>	<u>4,788</u>	<u>4,706</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19. Financial instruments

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Financial assets				
Financial assets measured at amortised cost	<u>973</u>	<u>1,919</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(222)</u>	<u>(165)</u>	<u>(4,751)</u>	<u>(4,671)</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and amounts owed to group undertakings.

20. Deferred taxation

Group

	2023 £000
At beginning of year	(129)
Charged to profit or loss	(52)
At end of year	<u><u>(181)</u></u>

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

20. Deferred taxation (continued)

	Group 2023 £000	Group 2022 £000
Fixed asset timing differences	(195)	(141)
Short term timing differences	14	12
	<u>(181)</u>	<u>(129)</u>

21. Provisions

Group

	Warranty provision £000	Liquid scanner provision £000	Total £000
At 1 September 2022	35	70	105
Utilised in year	-	(15)	(15)
At 31 August 2023	<u>35</u>	<u>55</u>	<u>90</u>

The warranty provision represents amounts provided in respect of future warranty claims on goods sold.

The liquid scanner provision represents amounts provided in respect of the disposal of a number of x-ray scanning machines.

22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
437,973 (2022 - 438,000) Ordinary shares of £0.01 each	4,380	4,380
400,000 (2022 - 400,000) A Ordinary shares of £0.01 each	4,000	4,000
324,465 (2022 - 324,000) B Ordinary shares of £0.001 each	324	324
	<u>8,704</u>	<u>8,704</u>

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

23. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Company.

Other reserves

This reserve represents the value of shares held in treasury by the Company.

Profit and loss account

This reserve represents accumulative distributable reserves.

24. Contingent liabilities

The Company has given cross corporate guarantees with KeTech Group Limited, KeTech Systems Limited, KeTech Limited and Ditra Systems Limited to its bank.

25. Pension commitments

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £114k (2022: £97k). There were £25k of outstanding contributions at the year end (2022: £21k), which are included in creditors.

26. Commitments under operating leases

At 31 August 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	Group 2022 £000
Not later than 1 year	141	87
Later than 1 year and not later than 5 years	389	-
Later than 5 years	491	-
	<u>1,021</u>	<u>87</u>

KETECH ENTERPRISES LIMITED

Notes to the financial statements For the Year Ended 31 August 2023

27. Related party transactions

The company has taken advantage of the exemption available in FRS 102 s33.1a from disclosing transactions with other wholly owned members of the group.

In November 2015, loans were provided to the company by shareholders. The loans were made on normal commercial terms and the total balance outstanding at the year end is £Nil (2022: £Nil). Interest of £Nil (2022: £29k) accrued on the loans in the year.

Payments were made to shareholders during the year representing £48k (2022: £42k) of monitoring fees and £42k (2022: £42k) of non-executive director fees.

All directors of the parent and subsidiary undertakings who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in the period in respect to these individuals is £655k (2022: £613k).

28. Post balance sheet events

On 28 September 2023, the shares held in treasury by the company were sold.