

KENDA ELECTRONIC SYSTEMS LIMITED

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2021**

PAGES FOR FILING WITH REGISTRAR



KENDA ELECTRONIC SYSTEMS LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	3		431		1,541
Tangible assets	4		152,859		122,244
Investment properties	5		400,000		400,000
Investments	6		2		2
			<u>553,292</u>		<u>523,787</u>
Current assets					
Stocks		209,120		365,961	
Debtors	7	1,345,373		1,384,217	
Cash at bank and in hand		85,657		92,233	
		<u>1,640,150</u>		<u>1,842,411</u>	
Creditors: amounts falling due within one year	8	<u>(389,298)</u>		<u>(599,148)</u>	
Net current assets			<u>1,250,852</u>		<u>1,243,263</u>
Total assets less current liabilities			<u>1,804,144</u>		<u>1,767,050</u>
Creditors: amounts falling due after more than one year	9		(195,833)		(241,667)
Provisions for liabilities	10		(25,982)		(32,085)
Net assets			<u>1,582,329</u>		<u>1,493,298</u>
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss reserves			1,581,329		1,492,298
Total equity			<u>1,582,329</u>		<u>1,493,298</u>

The director of the company has elected not to include a copy of the income statement within the financial statements.

For the financial year ended 30 September 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

KENDA ELECTRONIC SYSTEMS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2021

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and signed by the director and authorised for issue on 21/06/22

John Strachan
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Mr J Strachan
Director

KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

Kenda Electronic Systems Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Nutsey Lane, Totton, Southampton, SO40 3NB.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include investment property at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated financial statements, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

Going concern

For the year ended 30 September 2021 the company made a profit of £89,031 (2020: £225,580). At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the director continues to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Income is recognised when an invoice is raised to the customer.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

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

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	30% straight line
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KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold buildings	2% straight line
Plant and machinery	20-33% straight line

Freehold land is not depreciated.

Investment properties

Investment property, which is property held to earn rentals, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Fixed asset investments

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

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

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs.

Taxation

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

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

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

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

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

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

KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

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

Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

The company received a discretionary cash grant of £39,946 (2020: £60,969) from the government as part of the Coronavirus Job Retention Scheme (CJRS) which compensates employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). The grant is conditional upon the employees being employed and on the company PAYE payroll and the employee cannot do any work for their employer that makes money or provides services for their employer or any organisation linked or associated with their employer.

The company received a discretionary grant of £8,725 (2020: £1,745) from the government as part of the Coronavirus Business Interruption Loan scheme (CBILS). In the terms of the loan the government will pay the first 12 months of interest directly to the lender. We have recognised this assistance as a government grant in the statement of comprehensive income.

KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Employees

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

	2021 Number	2020 Number
Total	28	29

3 Intangible fixed assets

	Software £
Cost	
At 1 October 2020 and 30 September 2021	3,699
Amortisation and impairment	
At 1 October 2020	2,158
Amortisation charged for the year	1,110
At 30 September 2021	3,268
Carrying amount	
At 30 September 2021	431
At 30 September 2020	1,541

KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 October 2020	224,668	1,182,851	1,407,519
Additions	-	39,129	39,129
At 30 September 2021	224,668	1,221,980	1,446,648
Depreciation and impairment			
At 1 October 2020	104,690	1,180,585	1,285,275
Depreciation charged in the year	2,640	5,874	8,514
At 30 September 2021	107,330	1,186,459	1,293,789
Carrying amount			
At 30 September 2021	117,338	35,521	152,859
At 30 September 2020	119,978	2,266	122,244

5 Investment property

	2021 £
Fair value	
At 1 October 2020 and 30 September 2021	400,000

Investment property comprises the leased element of the freehold property at Nutsey Lane. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the director. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

6 Fixed asset investments

	2021 £	2020 £
Investments	2	2

KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

6 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 October 2020 & 30 September 2021	2
Carrying amount	
At 30 September 2021	2
At 30 September 2020	2

7 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	691,610	759,794
Amounts owed by group undertakings	473,808	472,816
Other debtors	44,522	37,189
	1,209,940	1,269,799
Deferred tax asset	135,433	114,418
	1,345,373	1,384,217

8 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	124,961	213,377
Amounts owed to group undertakings	16,009	16,009
Taxation and social security	101,261	130,342
Other creditors	147,067	239,420
	389,298	599,148

During the current year the company has a debt purchasing agreement with HSBC Holdings Plc. At the year end the company owed HSBC £33,350 (2020: £171,406). The debt is secured by way of a fixed and floating charge over the assets of the company.

KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

9 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other creditors	195,833	241,667

During prior year the company applied for and received a loan of £250,000 from the Coronavirus Business Interruption Loan Scheme (CBILS). The loan incurs interest at a rate of 3.99% and will be repaid in full in July 2026.

Creditors which fall due after five years are as follows:

	2021 £	2020 £
Payable by instalments	-	41,667

10 Provisions for liabilities

	2021 £	2020 £
Warranty and maintenance provision	25,982	32,085

A provision is made for potential warranty and maintenance claims on the goods sold by the company. It is expected that most of this expenditure will be incurred during the next financial year.

Movements on provisions:

	Warranty and maintenance provision £
At 1 October 2020	32,085
Utilisation of provision	(6,103)
At 30 September 2021	25,982

11 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

The Ordinary shares carry no right to fixed income and have one vote per share.

KENDA ELECTRONIC SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	1,450	12,774
Between one and five years	-	11,500
	<u>1,450</u>	<u>24,274</u>

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	2,070	8,892
Between one and five years	-	3,105
	<u>2,070</u>	<u>11,997</u>

13 Parent company

The immediate and ultimate parent company is Kenda Group (UK) Limited, a company incorporated in England and Wales. The registered office is Nutsey Lane, Totton, Southampton, SO40 3NB.