

Registration number: 10297688

**KETS Quantum Security Ltd**  
Annual Report and Unaudited Financial Statements  
for the Year Ended 31 March 2022

Pages for filing with Registrar

# KETS Quantum Security Ltd

## Contents

|   |                       |
|---|-----------------------|
| Company Information                         | <u>1</u>              |
| Balance Sheet                               | <u>2</u> to <u>3</u>  |
| Notes to the Unaudited Financial Statements | <u>4</u> to <u>11</u> |

# KETS Quantum Security Ltd

## Company Information

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Dr C Erven<br>Dr C Marinelli<br>J Hao<br>O Tonneau<br>L A Matthews                |
| <b>Registered office</b> | Station Road Workshops,<br>Station Road,<br>Kingswood<br>Bristol<br>BS15 4PJ      |
| <b>Registered number</b> | 10297688  |
| <b>Accountants</b>       | Corrigan Accountants Limited<br>1st Floor<br>25 King Street<br>Bristol<br>BS1 4PB |

## KETS Quantum Security Ltd

(Registration number: 10297688)  
Balance Sheet as at 31 March 2022

|   | Note     | 2022<br>£   | 2021<br>£ |
|---|----------|-------------|-----------|
| <b>Fixed assets</b>                                   |          |             |           |
| Tangible assets                                       | <u>4</u> | 270,632     | 36,827    |
| Investments   | <u>5</u> | 8,832       | 8,832     |
|   |          | 279,464     | 45,659    |
| <b>Current assets</b>                                 |          |             |           |
| Debtors   | <u>6</u> | 204,268     | 14,225    |
| Cash at bank and in hand                              |          | 2,249,551   | 554,614   |
|   |          | 2,453,819   | 568,839   |
| <b>Creditors:</b> Amounts falling due within one year | <u>7</u> | (127,477)   | (763,596) |
| <b>Net current assets/(liabilities)</b>               |          | 2,326,342   | (194,757) |
| <b>Net assets/(liabilities)</b>                       |          | 2,605,806   | (149,098) |
| <b>Capital and reserves</b>                           |          |             |           |
| Called up share capital                               |          | 296         | 195       |
| Share premium reserve                                 |          | 4,648,261   | 838,255   |
| Profit and loss account                               |          | (2,042,751) | (987,548) |
| Total equity  |          | 2,605,806   | (149,098) |

**KETS Quantum Security Ltd**

**(Registration number: 10297688)  
Balance Sheet as at 31 March 2022**

For the financial year ending 31 March 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised for issue by the Board on 20 December 2022 and signed on its behalf by:

.....

L A Matthews  
Director

# KETS Quantum Security Ltd

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

### 1 Statutory information

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

The address of its registered office is:

Station Road Workshops,  
Station Road,  
Kingswood  
Bristol  
BS15 4PJ  
United Kingdom

### 2 Accounting policies

#### Summary of significant accounting policies

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

#### Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention.

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

#### Going concern

The financial statements have been prepared on a going concern basis on the assumption that the company has and will continue to receive sufficient available investment to continue to support its activities.

#### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

## KETS Quantum Security Ltd

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

#### Government grants

Government grants are recognised, using the accrual model, at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received.

#### Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

#### Tangible fixed assets

Tangible fixed assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

|                        |                            |
|------------------------|----------------------------|
| Furniture and fittings | 20% straight line          |
| Computer equipment     | 20% straight line          |
| Plant and machinery    | 20% straight line          |
| Leasehold improvements | over the life of the lease |

#### Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### Research and development costs

Research and development costs are written off to profit or loss in the year incurred.

## **KETS Quantum Security Ltd**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022**

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits.

#### **Trade debtors**

Trade debtors are recognised at the transaction price and subsequently measured less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Trade creditors**

Trade creditors are recognised at the transaction price.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

## **KETS Quantum Security Ltd**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022**

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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

#### **Share based payments**

The company has issued options over its unissued shares to employees. FRS 102 requires that the cost of equity-settled transactions is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant option holders become fully entitled to the award. Fair value is determined using an appropriate pricing model.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and taking into account management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

No expense has been recognised in the year under review, on the grounds that the expense is immaterial.

### **3 Staff numbers**

The average number of persons employed by the company (including directors) during the year, was 16 (2021 - 14).

## KETS Quantum Security Ltd

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

#### 4 Tangible fixed assets

|                        | Leasehold<br>improvements<br>£ | Furniture and<br>fittings<br>£ | Computer<br>equipment<br>£ | Plant and<br>machinery<br>£ | Total<br>£ |
|------------------------|--------------------------------|--------------------------------|----------------------------|-----------------------------|------------|
| <b>Cost</b>            |                                |                                |                            |                             |            |
| At 1 April 2021        | -                              | 23,399                         | 695                        | 41,040                      | 65,134     |
| Additions              | 12,569                         | 14,348                         | 279                        | 223,997                     | 251,193    |
| At 31 March 2022       | 12,569                         | 37,747                         | 974                        | 265,037                     | 316,327    |
| <b>Depreciation</b>    |                                |                                |                            |                             |            |
| At 1 April 2021        | -                              | 10,303                         | 113                        | 18,060                      | 28,476     |
| Charge for the year    | -                              | 5,500                          | 184                        | 11,535                      | 17,219     |
| At 31 March 2022       | -                              | 15,803                         | 297                        | 29,595                      | 45,695     |
| <b>Carrying amount</b> |                                |                                |                            |                             |            |
| At 31 March 2022       | 12,569                         | 21,944                         | 677                        | 235,442                     | 270,632    |
| At 31 March 2021       | -                              | 13,097                         | 582                        | 23,148                      | 36,827     |

#### 5 Investments

|                             | 2022<br>£ | 2021<br>£ |
|-----------------------------|-----------|-----------|
| Investments in subsidiaries | 8,832     | 8,832     |
| <b>Subsidiaries</b>         |           |           |
| <b>£</b>                    |           |           |
| <b>Cost</b>                 |           |           |
| At 1 April 2021             |           | 8,832     |
| At 31 March 2022            |           | 8,832     |
| <b>Carrying amount</b>      |           |           |
| At 31 March 2022            |           | 8,832     |
| At 31 March 2021            |           | 8,832     |

## KETS Quantum Security Ltd

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

#### 6 Debtors: amounts falling due within one year

|                                | <b>2022</b> | <b>2021</b> |
|--------------------------------|-------------|-------------|
|                                | £           | £           |
| Prepayments and accrued income | 81,255      | 3,900       |
| Corporation tax                | 64,393      | -           |
| Other debtors                  | 58,620      | 10,325      |
|                                | 204,268     | 14,225      |

#### 7 Creditors

|  | <b>2022</b> | <b>2021</b> |
|--|-------------|-------------|
|  | £           | £           |
| <b>Amounts falling due within one year</b> |             |             |
| Trade creditors                            | 74,141      | 23,835      |
| Taxation and social security               | 24,075      | 12,913      |
| Other creditors                            | 8,921       | 5,110       |
| Accruals                                   | 20,340      | 47,956      |
| Convertible loan notes                     | -           | 673,782     |
|  | 127,477     | 763,596     |

#### 8 Share capital

##### Allotted, called up and fully paid shares

|                                   | <b>2022</b> |        | <b>2021</b> |        |
|-----------------------------------|-------------|--------|-------------|--------|
|                                   | No.         | £      | No.         | £      |
| Ordinary shares of £0.01 each     | 19,605      | 196.05 | 19,545      | 195.45 |
| Pre-series A shares of £0.01 each | 10,013      | 100.13 | -           | -      |
|                                   | 29,618      | 296    | 19,545      | 195    |

## KETS Quantum Security Ltd

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

#### 9 Loans and borrowings

|                                     | <b>2022</b> | <b>2021</b> |
|-------------------------------------|-------------|-------------|
|                                     | <b>£</b>    | <b>£</b>    |
| <b>Current loans and borrowings</b> |             |             |
| Convertible loan notes              | -           | 673,782     |

During the year, the loans and borrowings balance of £673,782 was converted to equity; with the number of shares being 2,155 for an aggregate consideration of £679,881.

#### 10 Share-based payments

##### EMI options

##### Scheme details and movements

Certain employees have been granted options over the unissued share capital of the company. The options vest upon an exit event.

The movements in the number of share options during the year were as follows:

|                              | <b>2022</b>   | <b>2021</b>   |
|------------------------------|---------------|---------------|
|                              | <b>Number</b> | <b>Number</b> |
| Outstanding, start of period | 848           | 848           |
| Outstanding, end of period   | 848           | 848           |

The movements in the weighted average exercise price of share options during the year were as follows:

|                              | <b>2022</b> | <b>2021</b> |
|------------------------------|-------------|-------------|
|                              | <b>£</b>    | <b>£</b>    |
| Outstanding, start of period | 119.56      | 119.56      |
| Outstanding, end of period   | 119.56      | 119.56      |

## KETS Quantum Security Ltd

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

#### Unapproved options

##### Scheme details and movements

Certain employees have been granted options over the unissued share capital of the company. The options vest upon an exit event.

The movements in the number of share options during the year were as follows:

|                              | <b>2022</b>   | <b>2021</b>   |
|------------------------------|---------------|---------------|
|                              | <b>Number</b> | <b>Number</b> |
| Outstanding, start of period | 569           | 569           |
| Forfeited during the period  | (244)         | -             |
| Outstanding, end of period   | <u>325</u>    | <u>569</u>    |

The movements in the weighted average exercise price of share options during the year were as follows:

|                              | <b>2022</b>   | <b>2021</b>   |
|------------------------------|---------------|---------------|
|                              | <b>£</b>      | <b>£</b>      |
| Outstanding, start of period | 119.56        | 119.56        |
| Forfeited during the period  | 119.56        | -             |
| Outstanding, end of period   | <u>119.56</u> | <u>119.56</u> |

No share based payments expense has been included as is it not material.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.