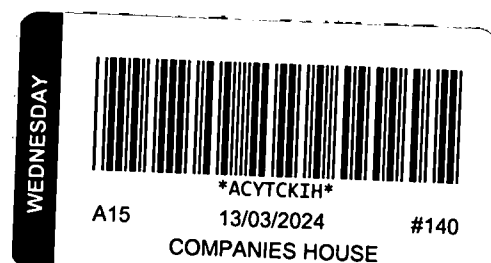


**3DX-RAY LIMITED**

**Annual Report and Financial Statements**

**30 September 2023**



# **3DX-RAY LIMITED**

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# **3DX-RAY LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

Vincent Deery  
Sarah Atwell King

**COMPANY SECRETARY** Sarah Atwell King

### **REGISTERED OFFICE**

16-18 Hayhill Industrial Estate  
Sileby Road  
Barrow-upon-Soar  
Leicestershire LE12 8LD

### **COMPANY NUMBER**

03237543

### **PRINCIPAL BANKERS**

Royal Bank of Scotland plc  
8 South Parade  
Nottingham NG1 2JS

### **SOLICITORS**

Browne Jacobson  
44 Castle Gate  
Nottingham NG1 7BJ

### **AUDITORS**

Dains Audit Limited  
15 Colmore Row  
Birmingham  
B3 2BH

# **3DX-RAY LIMITED**

## **DIRECTORS' REPORT**

**Year ended 30 September 2023**

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2023.

### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The principal activity of the company for the year under review was the exploitation of advanced x-ray imaging technology in the field of security and industrial inspection. The results for the year under review show a profit after tax of £59,040 (2022: loss after tax of £356,582).

The company's strategy is to develop its portfolio of standard security products, whilst continuing to work within the industrial sector where it has key expertise, a proven track record and the probability of repeat business is high.

### **DIVIDENDS**

The directors are unable to recommend the payment of a dividend.

### **DIRECTORS**

The directors who served during the year and up to the date of this report were as follows:

V J Deery  
S A Atwell King

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Company had in force during the year and has in force at the date of this report, a qualifying indemnity in favour of its Directors and officers against the financial exposure that they may incur in the course of their professional duties as Directors and officers of the Company.

### **GOING CONCERN**

The balance sheet shows that there are net liabilities of £7,864,685 (2022: £7,923,725) at 30 September 2023 which includes amounts owed to the parent company, Image Scan Holdings Plc, of £9,374,109. The Directors have obtained written confirmation from the parent company that the amount will not be recalled until the business has the means to settle the amount owed.

The Directors have reviewed the going concern assessment for the Company for the year ended 30 September 2023. Based on the Company's Board approved trading and cash flow forecasts, for 2024 and 2025, which anticipates continued profitable trading, the Directors have concluded that it remains appropriate to adopt the going concern basis in preparing the Financial Statements. The Directors have reached this conclusion after consideration of the Company's cash flows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting Council.

In making their assessment the Directors have considered the following:

- The Company's performance in 2023.
- The Company's financial resources at the time of signing this report which, combined with the committed order book and reasonable assumptions about future renewals of the support contracts, support the ability to absorb a significant reduction in product revenues, both compared with the budgets and forecasts and prior years, without exhausting the cash resources.
- The expansion of the Company's product range to meet the needs of customers.
- The Company's financial plans and commitments, including product development, supply chain and other non-variable/non-discretionary costs.
- The principal risks associated with the business, including geo-political risks.

## **DIRECTORS' REPORT**

**Year ended 30 September 2023**

The Directors concluded that the key risk is the unpredictability of demand from customers. Based on current trading, including orders received and order enquiry levels, a reverse stress test has been carried out to model the reduction in revenue that could be absorbed. This indicates that a reduction of c.24% of the revenue for the year to 30 September 2024, whilst considered extremely unlikely, could be absorbed before available cash resources would be exhausted within the next 12 months.

The Directors have also reviewed the supply chain and the inflationary pressures on components. The Directors are satisfied that sufficient mitigating actions have been put in place, as has been demonstrated in 2023, including alternative sources of supply, should there be any disruption with existing supply chain arrangements.

The Directors recognise the current global market conditions and the current economic turmoil in the UK mean that there is potential for continued volatility and so uncertainty over future activities and cash flows. However, having regard to the factors considered above and the current available cash resources, these are not considered to give rise to a material uncertainty.

On this basis the Directors consider that it is appropriate to prepare the financial statements on the going concern basis.

### **DIRECTORS' STATEMENT OF RESPONSIBILITIES**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to Company's financial statements in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **3DX-RAY LIMITED**

### **DIRECTORS' REPORT**

**Year ended 30 September 2023**

#### **AUDITORS**

BDO LLP resigned during the year and Dains Audit Limited were appointed as successor auditors. They will be proposed for re-appointment at the forthcoming Annual General Meeting

#### **POST BALANCE SHEET EVENTS**

There were no significant post balance sheet events since the year end that would affect the Company's results.

#### **SMALL COMPANY PROVISIONS**

In preparing this report, the directors have taken advantage of the small companies' exemption in Part 15 of the Companies Act 2006.

Approved and signed on behalf of the Board

Vincent Deery  
Director  
11 December 2023

**INDEPENDENT AUDITOR'S REPORT**

**Year ended 30 September 2023**

**Opinion on the financial statements**

We have audited the financial statements of 3D X-ray Limited (the 'Company') for the year ended 30 September 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the cashflow statement 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 UK adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; 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 company 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

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

## **INDEPENDENT AUDITOR'S REPORT**

**Year ended 30 September 2023**

### **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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Other Matter**

The financial statements for the year ended 30<sup>th</sup> September 2022 were audited by BDO LLP who expressed an unmodified opinion on those financial statements on 12<sup>th</sup> December 2022.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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:



## **INDEPENDENT AUDITOR'S REPORT**

**Year ended 30 September 2023**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

## **3DX-RAY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

**Year ended 30 September 2023**

#### **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.

**Mark Hargate FCA (Senior Statutory Auditor)**

for and on behalf of  
**Dains Audit Limited**

Statutory Auditor  
Chartered Accountants

**Birmingham**

**11 December 2023**

## 3DX-RAY LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2023

	Note	2023 £	2022 £
<b>REVENUE</b>	3	<b>2,962,934</b>	2,002,299
Cost of sales		<u>(1,527,723)</u>	<u>(924,380)</u>
Gross profit		<b>1,435,211</b>	1,077,919
Administrative expenses		<b>(1,419,551)</b>	(1,506,513)
Other operating income	4	<u>14,934</u>	<u>-</u>
<b>OPERATING PROFIT/(LOSS)</b>	5	<b>30,594</b>	(428,594)
Finance income	7	<b>6,639</b>	440
Interest payable and similar charges	11	<u>(5,555)</u>	<u>(6,426)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>31,678</b>	(434,580)
Taxation	8	<u>27,362</u>	<u>77,998</u>
<b>PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE FINANCIAL YEAR</b>		<u><b>59,040</b></u>	<u>(356,582)</u>

There is no other comprehensive income for 2023 (2022: £nil).

The accompanying notes form an integral part of these financial statements.


# 3DX-RAY LIMITED

## STATEMENT OF FINANCIAL POSITION

Year ended 30 September 2023

	Note	2023 £	2022 £
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	320,957	257,554
Property, plant and equipment	10	6,599	13,559
Right of use assets	11	153,678	193,053
		<u>481,234</u>	<u>464,166</u>
<b>CURRENT ASSETS</b>			
Inventories	12	348,753	628,903
Trade and other receivables	13	589,000	585,172
Cash and cash equivalents	14	949,510	675,471
		<u>1,887,263</u>	<u>1,889,546</u>
<b>TOTAL ASSETS</b>		<u>2,368,497</u>	<u>2,353,712</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	10,035,016	10,037,754
Provisions	17	33,858	37,930
Lease liability	11	37,625	37,625
		<u>10,106,499</u>	<u>10,113,309</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	11	126,683	164,128
		<u>126,683</u>	<u>164,128</u>
<b>TOTAL LIABILITIES</b>		<u>10,233,182</u>	<u>10,277,437</u>
<b>NET LIABILITIES</b>		<u>(7,864,685)</u>	<u>(7,923,725)</u>
<b>EQUITY</b>			
Called up share capital	17	1	1
Profit and loss account		<u>(7,864,686)</u>	<u>(7,923,726)</u>
<b>TOTAL DEFICIT ON EQUITY SHAREHOLDERS FUNDS</b>		<u>(7,864,685)</u>	<u>(7,923,725)</u>

These financial statements were approved and authorised for issue by the Board of Directors on 11 December 2023 and signed on its behalf by.



V Deery  
Director  
Company Number 03237543

The accompanying notes form an integral part of these financial statements

## 3DX-RAY LIMITED

### STATEMENT OF CHANGES IN EQUITY

Year ended 30 September 2023

#### STATEMENT OF CHANGES IN EQUITY

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
As at 1 October 2021	1	21,376	(7,588,520)	(7,567,143)
Loss for the year and total comprehensive loss for the year	-	-	(356,582)	(356,582)
Share option reserve	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 September 2022	1	21,376	(7,945,102)	(7,923,725)
Profit for the year and total comprehensive profit for the year			59,040	59,040
Share option reserve				
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 September 2023	<hr/> <b>1</b>	<hr/> <b>21,376</b>	<hr/> <b>(7,886,062)</b>	<hr/> <b>(7,864,685)</b>

The accompanying notes form an integral part of these financial statements.

# 3DX-RAY LIMITED

## CASH FLOW STATEMENT

Year ended 30 September 2023

		2023 £	2022 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>		
Operating profit/(loss)		<b>30,594</b>	(428,594)
Adjustments for:			
Amortisation of intangible assets	9	<b>60,887</b>	29,381
Depreciation	10	<b>6,960</b>	6,098
Amortisation of right of use assets	11	<b>39,375</b>	39,375
Impairment of inventories		<b>(54,349)</b>	(11,263)
Decrease/(increase) in inventories	12	<b>334,499</b>	(224,566)
Increase in trade and other receivables	13	<b>(48,735)</b>	145,221
(Decrease)/increase in trade and other payables	15	<b>(2,738)</b>	133,693
Decrease in warranty provision	16	<b>(4,072)</b>	(7,710)
<b>Cash generated from/ (used in) operating activities</b>		<b>362,421</b>	(318,365)
Corporation tax received		<b>72,269</b>	48,114
<b>Net cash flows generated from/ (used in) operating activities</b>		<b>434,690</b>	(270,251)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	7	<b>6,639</b>	440
Purchase of intangible assets	9	<b>(124,290)</b>	(177,345)
Purchase of property plant and equipment	10	<b>-</b>	(1,862)
<b>Net cash used in investing activities</b>		<b>(117,651)</b>	(178,767)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments (capital and interest)		<b>(43,000)</b>	(37,625)
<b>Net cash used in financing activities</b>		<b>(43,000)</b>	(37,625)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>274,039</b>	(486,643)
Cash and cash equivalents at beginning of year		<b>675,471</b>	1,162,114
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>14</b>	<b>949,510</b>	675,471

The accompanying notes form an integral part of these financial statements.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**1. GENERAL INFORMATION**

3DX-Ray Limited is a private limited company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given in the Officers and Professional Advisers section. The nature of the Company's operations and its principal activities are set out in the Directors' Report and in the revenue note in the financial statements.

These financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These single entity financial statements have been prepared in accordance with UK adopted international accounting standards. The financial statements have been prepared under the historical cost convention.

**Going concern**

The Directors have reviewed the going concern assessment for the Company for the year ended 30 September 2023. Based on the Company's Board approved trading and cash flow forecasts, for 2024 and 2025, which anticipates continued profitable trading, the Directors have concluded that it remains appropriate to adopt the going concern basis in preparing the Financial Statements. The Directors have reached this conclusion after consideration of the Company's cash flows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting Council.

In making their assessment the Directors have considered the following:

- The Company's performance in 2023.
- The Company's financial resources at the time of signing this report which, combined with the committed order book and reasonable assumptions about future renewals of the support contracts, support the ability to absorb a significant reduction in product revenues, both compared with the budgets and forecasts and prior years, without exhausting the cash resources.
- The expansion of the Company's product range to meet the needs of customers.
- The Company's financial plans and commitments, including product development, supply chain and other non-variable/non-discretionary costs.
- The principal risks associated with the business, including geo-political risks.

The Directors concluded that the key risk is the unpredictability of demand from customers. Based on current trading, including orders received and order enquiry levels, a reverse stress test has been carried out to model the reduction in revenue that could be absorbed. This indicates that a reduction of c.24% of the revenue for the year to 30 September 2024, whilst considered extremely unlikely, could be absorbed before available cash resources would be exhausted within the next 12 months.

The Directors have also reviewed the supply chain and the inflationary pressures on components. The Directors are satisfied that sufficient mitigating actions have been put in place, as has been demonstrated in 2023, including alternative sources of supply, should there be any disruption with existing supply chain arrangements.

The Directors recognise the current global market conditions and the current economic turmoil in the UK mean that there is potential for continued volatility and so uncertainty over future activities and cash flows. However, having regard to the factors considered above and the current available cash resources, these are not considered to give rise to a material uncertainty.

On this basis the Directors consider that it is appropriate to prepare the financial statements on the going concern basis.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**ACCOUNTING POLICIES (continued)**

**New accounting standards, amendments and interpretations**

There were no new standards, amendments or interpretations which the Company consider to be applicable to these financial statements.

**Revenue recognition**

Revenue recognition is determined by reference to the performance obligations as set out in individual customer contracts. The selling price for each performance obligation is based upon the relative standalone selling price, excluding value-added taxes and discounts allowed. The Board have categorised performance obligations as follows;

*Software licenses – Point in time* – where a contract gives the customer a right to use a perpetual software license, revenue is recognised when the license key is issued to the customer. This is the point at which the customer has a right to use the software.

*Product Manufacturing – Point in Time* – revenue is recognised at the point at which control is transferred to the customer which is determined by the specific terms of the contract. This is typically on an ex-work basis or where the contract stipulates that control will pass to the customer on delivery, revenue is recognised based on the relevant Incoterms. Where delivery is arranged for the customer, revenue will be recognised either when confirmation of delivery is received from the courier or five working days after collection from site

*Delivery – Point in Time* – if there is an element of delivery revenue which is unbundled from the total contract, this is recognised separately from the product revenue. This revenue is recognised separately if the contract stipulates that control will pass to a customer on an ex-works basis but the customer has requested that the company arranges delivery rather than the customer taking responsibility of that delivery. Where this occurs, this proportion of revenue is not recognised until delivery of the product has been made.

*Installation and commissioning – Point in Time* – under IFRS 15 this is determined to be a distinct agreed-upon contractual task separate from the manufacture of the product or delivery of the item. Revenue is recognised at the point at which installation has been completed and Site Acceptance Testing (SAT) is issued. This point is when control passes.

*Support – Over Time* – support contracts are raised separately to the manufacture of products, delivery and installation and commissioning. Support is recognised evenly over time as the customer simultaneously receives and consumes the benefits provided by the company's performance, as the company performs it.

*Extended warranty – Over Time* – it is customary for the Company to provide a warranty of twelve months to customers and this is accounted for in line with IAS 37 Provisions, Contingent Liability and Contingent Assets. An extended warranty of greater than 12 months is sometimes requested by a customer which provides the customer with a service in addition to the assurance that the product complies with agreed-upon customary specifications. This additional warranty is deemed to be a distinct performance obligation and typically a parts only obligation and revenue is recognised over the duration of the extended warranty if it is material.



**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**ACCOUNTING POLICIES (continued)**

**Grants**

Grants of a revenue nature are recognised as Other Operating Income with the statement of comprehensive income in the same period as the related payment.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the balance sheet date.

R&D tax credits are accounted for in the period to which they relate in order to match receipt of tax credits with the related expenditure.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

**Intangible Assets**

*Acquired software*

Acquired software, inclusive of lifetime licenses, are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs are amortised over the estimated useful lives of each asset.

Business software	-	3 years
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*Internally generated intangible assets*

Internally generated intangible assets (development costs) are capitalised if it can be demonstrated that

- it is technically feasible to develop the product for it to be sold; and
- adequate resources are available to complete the development; and
- there is an intention to complete and sell the product; and
- the Company is able to sell the product; and
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods that the Company expects to benefit from selling the product produced. The amortisation expense is included within administrative costs in the consolidated statement of comprehensive income.

Development costs	-	6 years
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Development costs not satisfying the criteria and expenditure on the research phase of the internal projects are recognised in the statement of comprehensive income as incurred.

# **3DX-RAY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is charged to the income statement on a straight line basis over the expected useful life of each asset as follows:

Computer equipment	-	3 years
Demonstration equipment	-	3 years
Plant & equipment	-	3 years

Assets under construction are not depreciated until brought into use.

#### **Right of use assets and lease liabilities**

The lease liability is initially measured at the present value of the future lease payments discounted at the interest rate implicit in the lease or, if that cannot be readily determined, at the Company's incremental borrowing rate on commencement of the lease. On initial recognition, the carrying value of the lease includes variable lease payments that depend on an index or rate. The lease term includes any option to terminate held by the Company, where it is reasonably certain this option will not be exercised. The lease liability is re-measured for modifications to lease payments due to changes in an index or rate. When the lease liability is re-measured, an equivalent adjustment is made to the right of use asset.

A right of use asset comprises the initial measurement of the corresponding lease liability and is subsequently measured at cost less accumulated depreciation. Right of use assets are depreciated over the shorter of the lease term and the estimated useful economic life.

#### **Pension costs**

The Company is part of a Group which operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions are charged against profits as they arise.

#### **Impairment of non-financial assets**

Individual non-financial assets or, if the cash flows cannot be attributed to individual assets, the cash-generating unit, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount of the asset or cash-generating unit. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

#### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs are calculated as the cost of materials and direct labour costs incurred. Net realisable value is based on the estimated selling price less further costs of disposal. Where the net realisable value is estimated to be below cost a provision is recorded.

#### **Research and development costs**

Expenditure on research costs is charged to the income statements in the period in which they were incurred.

Where expenditure on development does not meet the criteria to be capitalised, as set out in the policy on internally generated intangible assets, they are written off in the period that they are incurred.

# **3DX-RAY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 SEPTEMBER 2023**

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are accounted for in arriving at the operating result.

#### **Equity**

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares, both ordinary and deferred.
- “Capital contribution” represents the share-based payments relating to share options in Image Scan Holdings plc.
- “Profit and loss account” include all current and prior year results, as disclosed in the statement of comprehensive income.

#### **Financial instruments**

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company’s financial instruments comprise cash, trade receivables and trade and other payables.

##### *Trade receivables*

Trade receivables are initially stated at their fair value plus transaction costs, then subsequently at amortised cost using the effective interest method, if applicable, less impairment losses. Impairment losses against trade receivables carried at amortised cost are recognised by reference to any expected credit losses against those assets. The simplified approach for calculating impairment of financial assets has been used.

##### *Cash and cash equivalents*

The Company manages short-term liquidity through the holding of cash and highly liquid interest-bearing deposits. Only deposits that are readily convertible into cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash or cash equivalents.

##### *Trade payables*

Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in the finance cost in the statement of comprehensive income.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**ACCOUNTING POLICIES (continued)**

**Accounting judgements and key sources of estimation uncertainty**

As stated above, the preparation of financial statements under IFRS requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

**Key estimates and judgements**

**(a) Revenue recognition on contracts.**

The Company enters into sales with customers with contractual terms specific to each contract including stage payments and revenue is recognised in accordance with the accounting policy set out on page 16. In applying the accounting policy, the Board must determine that all the relevant criteria are met in accordance with IFRS15 Revenue Recognition and the Company's accounting policy in order to recognise revenue. This requires detailed review of the contractual terms and an understanding of the performance obligations in place with each specific customer. At the year end, there is £367k (2022: £388k) of contract liabilities in relation to payments in advance that will be recognised when the certain contract terms are met.

**(b) Capitalisation of development costs**

Part of the Company's strategic aim is organic growth through expansion of the product range and investment is made in research and development to further this aim. As set out in the accounting policies, developments costs are recognised as an intangible asset once the criteria for capitalisation is met under IAS 38. In the year £124,290 (2022: £172,745) of costs met the criteria for capitalisation. Judgement is required in assessing the achievement of the criteria, the recoverable amount, including the future economic benefits expected to be generated by the asset, and its useful economic life. The Board reviews these judgements periodically to assess if there are any indicators of impairment.

**(c) Impairment of inventory**

As disclosed in note 12, an impairment has been made against the carrying value of components, accessories and demonstration inventory. The nature of the inventory requires an assessment of the future sales, the condition of demonstration inventory when returned and residual value should the items not be saleable.

Due to the nature of the inventory, changes in the basis of the estimates for the condition of inventory or residual values applied could have a significant impact on the impairment provided. If the provision were to increase / decrease by 10% the impact on the Company would be £24k (2022: £19k).

**(d) Trade receivables**

As disclosed in note 13, Trade receivables are initially recognised at invoiced value. Where specific amounts remain outstanding or disputed beyond their agreed settlement date management, having reviewed all commercial documentation, proof of delivery and considered the credit risk of the customer, apply judgement as to the likelihood of the future settlement. This judgement will be influenced by the passage of time, the documentation available and previous experience of collection of past due invoices with that customer and the Company's customer base in general.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**3. REVENUE**

The Company has only one business segment, being the continuing development and sale of advanced X-ray imaging techniques and products.

The Company has disaggregated revenue in the following tables which is intended to define how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data. This is reviewed by the Board as the Chief Operating Decision Maker.

All revenue is derived from operations in the United Kingdom.

	2023 £	2022 £
<b>Company revenue by destination</b>		
UK	444,972	394,557
Europe, the Middle East and Africa	1,406,219	622,908
Asia, Indian Subcontinent	721,562	605,458
America	390,181	379,376
	<u>2,962,934</u>	<u>2,002,299</u>
	2023 £	2022 £
<b>Company revenue by type</b>		
Original equipment	2,273,192	1,339,130
After sales	689,742	663,169
	<u>2,962,934</u>	<u>2,002,299</u>
	2023 £	2022 £
<b>Company revenue by timing of transfer of goods</b>		
Point in time (determined by contract)	2,545,777	1,600,697
Over time	417,157	401,602
	<u>2,962,934</u>	<u>2,002,299</u>

The gross profit was £1,435,211(2022: £1,077,919) and the trade is primarily B2B.

During the year to 30 September 2023, sales of £965,026 were made to two customers (the largest - £613,116 and the second largest - £351,910) accounting for 33% of total revenue (2022: sales of £575,257 were made to two customers (the largest customer - £374,123 and the second largest - £201,134) accounting for 29% of total revenue)).

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	2023 £	2022 £
<b>Contract assets</b>		
At 1 October 2022	52,583	112,589
Transfers from contract assets to trade receivables	(52,583)	(112,589)
Excess of revenue recognised over invoiced amounts	52,428	52,583
<b>At 30 September 2023</b>	<b>52,428</b>	<b>52,583</b>

Contract assets are shown in note 13.

	2023 £	2022 £
<b>Contract liabilities</b>		
At 1 October 2022	388,174	276,013
Contract liabilities recognised as revenue in the year	(295,877)	(155,340)
Deposits received in advance of performance obligations	274,486	267,501
<b>At 30 September 2023</b>	<b>366,783</b>	<b>388,174</b>

Contract liabilities are shown in note 15.

**4. OTHER OPERATING INCOME**

	2023 £	2022 £
Government grants receivable	14,934	-

**5. OPERATING PROFIT/(LOSS)**

	2023 £	2022 £
<b>Operating profit/(loss) is stated after charging:</b>		
Depreciation of property, plant and equipment	6,690	6,098
Amortisation of right of use assets	39,375	39,375
Amortisation of intangible assets	60,887	29,381
Research and development costs expensed	184,827	218,194
Cost of inventories recognised as an expense (included in cost of sales)	1,158,727	576,379
Foreign exchange losses	7,884	19,691

Audit fees of £27,650 (2022: £40,740) are borne by the parent company.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2023</b>	<b>2022</b>
	<b>No</b>	<b>No</b>
<b>Average number of persons employed (including directors)</b>		
Accounts and administration	<b>1</b>	<b>2</b>
Technical	<b>13</b>	<b>14</b>
Directors	<b>2</b>	<b>2</b>
	<b>16</b>	<b>18</b>
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	<b>749,801</b>	<b>695,348</b>
Social security costs	<b>105,420</b>	<b>120,987</b>
Pension costs	<b>27,261</b>	<b>29,456</b>
	<b>882,482</b>	<b>845,791</b>

**Directors' emoluments**

All director service contracts are issued by Image Scan Holdings plc and director's salaries are shown in the holding company accounts. A management charge is made from the holding company in respect of these salaries.

Related party transaction are shown in note 19.

**7. NET FINANCE INCOME**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Finance income</b>		
Deposit interest	<b>6,639</b>	<b>440</b>

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**8. TAX**

**a) Analysis of credit in the year**

	2023 £	2022 £
<b>Current tax</b>		
Tax on profit/(loss) for the year (R&D tax credits)	27,362	77,998
Total current tax	<u>27,362</u>	<u>77,998</u>

**b) Reconciliation of tax credit**

	2023 £	2022 £
Profit/(loss) before tax	31,678	(434,580)
Tax on profit at 22.01% (2021:19%)	6,972	(82,570)
Movement in unprovided deferred tax	(23,035)	38,017
Enhanced R&D relief	(55,760)	(57,768)
Surrender of tax losses for R&D tax credit refund	24,091	24,206
Group relief surrendered	14,283	-
Permanent timing differences	484	117
Other	5,603	-
<b>Actual tax credit for the year (note 8a)</b>	<u>(27,362)</u>	<u>(77,998)</u>

The increase in UK Corporation Tax from 19% to 25% was effective from 1<sup>st</sup> April 2023. As this rate was substantively enacted at the current and previous statement of financial position date, the unrecognised deferred tax assets continue to be calculated at this rate.

**c) Deferred Tax Asset**

The net deferred tax assets have not been recognised as, with the continued availability of enhanced deductions for R&D expenditure, the directors do not believe it is probable that these assets will be recovered in the foreseeable future. The unrecognised deferred tax assets, calculated at 25%, are as follows.

	2023 £	2022 £
Capital allowances	-	2,883
Development costs	-	(38,965)
Trading losses	1,443,317	1,455,188
	<u>1,443,317</u>	<u>1,419,106</u>



**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**9. INTANGIBLE ASSET**

The Company's intangible assets comprises of software and licences relating to business and accounting systems.

	<b>Business Software £</b>	<b>Development Costs £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2021	56,515	96,096	152,611
Additions	4,600	172,745	177,345
	<hr/>	<hr/>	<hr/>
At 30 September 2022	61,115	268,841	329,956
Additions	-	124,290	124,290
	<hr/>	<hr/>	<hr/>
<b>At 30 September 2023</b>	<b>61,115</b>	<b>393,131</b>	<b>454,246</b>
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 October 2021	38,391	4,630	43,021
Provided during the year	12,496	16,885	29,381
	<hr/>	<hr/>	<hr/>
At 30 September 2022	50,887	21,515	72,402
Provided during the year	7,808	53,079	60,887
	<hr/>	<hr/>	<hr/>
<b>At 30 September 2023</b>	<b>58,695</b>	<b>74,594</b>	<b>133,289</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>	<b>2,420</b>	<b>318,537</b>	<b>320,957</b>
<b>At 30 September 2023</b>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>
At 30 September 2022	10,228	247,326	257,554
	<hr/>	<hr/>	<hr/>

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**10. PROPERTY, PLANT AND EQUIPMENT**

	<b>Computer equipment £</b>	<b>Demonstration equipment £</b>	<b>Plant and equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 October 2021	127,031	76,044	118,765	321,840
Additions	1,862	-	-	1,862
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2022	128,893	76,044	118,765	323,702
Additions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2023</b>	<b>128,893</b>	<b>76,044</b>	<b>118,765</b>	<b>323,702</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 October 2021	122,391	76,044	105,610	304,045
Provided during the year	466	-	5,632	6,098
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2022</b>	<b>122,857</b>	<b>76,044</b>	<b>111,242</b>	<b>310,143</b>
Provided during the year	2,214	-	4,746	6,960
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 September 2023</b>	<b>125,071</b>	<b>76,044</b>	<b>115,988</b>	<b>317,103</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 September 2023	3,822	-	2,777	6,599
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2022	6,036	-	7,523	13,559
	<hr/>	<hr/>	<hr/>	<hr/>

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**11. LEASES**

<b>Right of use asset - Property</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
At 1 October 2022	193,053	232,428
Additions	-	-
Amortisation	(39,375)	(39,375)
	<u>153,678</u>	<u>193,053</u>
<b>At 30 September 2023</b>	<b>153,678</b>	<b>193,053</b>
<b>Lease liability - Property</b>		
At 1 October 2022	201,753	232,952
Additions	-	-
Interest charged	5,555	6,426
Lease payments (capital and interest)	(43,000)	(37,625)
	<u>164,308</u>	<u>201,753</u>
<b>At 30 September 2023</b>	<b>164,308</b>	<b>201,753</b>

The maturity of the lease liability is as follows:

	<b>Within one year £</b>	<b>Within 1 – 2 years £</b>	<b>Within 2 – 5 years £</b>	<b>Total £</b>
Lease liability	<u>37,625</u>	<u>37,625</u>	<u>89,058</u>	<u>164,308</u>

**12. INVENTORIES**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Raw materials	109,575	255,882
Work in progress	60,762	192,269
Finished goods	178,416	180,752
	<u>348,753</u>	<u>628,903</u>

There are no significant differences between the replacement costs and the inventories values shown above.

During the year, the provision against demonstration equipment and other stock was decreased by £54,349 (2022: increased by £4,836) in the Company accounts.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**13. TRADE AND OTHER RECEIVABLES**

	2023 £	2022 £
Trade receivables	344,851	338,776
Accrued income on contracts	52,428	52,583
Other receivables and prepayments	164,857	193,813
VAT recoverable	26,864	-
	<u>589,000</u>	<u>585,172</u>

Trade receivables and contract assets are grouped based on similar credit risk and ageing. Included in receivables is a sum of £62k which is overdue and, although it is expected to be recovered under a letter of credit, there remains some uncertainty. In the event recovery cannot be enforced, the amount due is matched by deferred revenue in contract liabilities, with no income statement exposure.

At 30 September 2023, the lifetime expected credit loss provision for trade receivables and contract assets is as follows:

		Not yet due	Up to 3 months	3 to 6 months	Over 6 months
Expected loss rate		0.00%	0.10%	0.10%	0.10%
Gross carrying amount	344,851	206,684	60,103	-	78,064
Loss provision	138		60	-	78

The loss provision is considered immaterial and therefore has not been provided for. All gross carrying amounts relate to customers with no default history.

**14. CASH AND CASH EQUIVALENTS**

	2023 £	2022 £
Cash and cash equivalents	<u>949,510</u>	<u>675,471</u>

Cash and cash equivalents comprise cash held by the Company and short term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value. Cash at bank earns interest at floating rates based on daily bank deposit rates.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**15. TRADE AND OTHER PAYABLES**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade payables	<b>204,626</b>	265,265
Contract liabilities	<b>366,783</b>	388,174
Other tax and social security	<b>29,580</b>	33,455
Amount owed to parent company	<b>9,374,109</b>	9,313,720
Accruals	<b>59,918</b>	37,076
VAT payable	<b>-</b>	64
	<b><u>10,035,016</u></b>	<b><u>10,037,754</u></b>

At 30 September 2023 accruals included pension contributions amounting to £nil (2022: £nil).

In line with IFRS 15, a practical expedient has been applied to the closing contract liabilities where the remaining performance obligations are due to be satisfied within the next 12 months. These amount to £354,783 (2022: £377,308) at 30 September 2023.

Sales of extended warranties held as contract liabilities amounts to £27,288 (2022: £26,275). The analysis of when the remaining performance obligations will be satisfied is as follows:

	<b>Within one year £</b>	<b>Within 1 – 2 years £</b>	<b>Within 2 – 5 years £</b>	<b>Total £</b>
Extended warranties	<b><u>15,288</u></b>	<b><u>3,000</u></b>	<b><u>9,000</u></b>	<b><u>27,288</u></b>

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Company warranty provision</b>		
At 1 October 2022	<b>37,930</b>	45,640
Provision in year	<b>43,552</b>	41,275
Utilised in the year	<b>(575)</b>	(11,417)
Released during the year	<b><u>(47,049)</u></b>	<b><u>(37,568)</u></b>
<b>At 30 September 2023</b>	<b><u>33,858</u></b>	<b><u>37,930</u></b>

A warranty provision is recognised in respect of labour and material costs estimated to arise on products sold during the last financial year. It is expected that most of these costs will be incurred in the next financial year.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**17. CALLED UP SHARE CAPITAL**

	2023 £	2022 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b>		
1 ordinary shares of £1	<u>1</u>	<u>1</u>

**18. ULTIMATE PARENT UNDERTAKING**

The ultimate parent, for which Group accounts are prepared, is Image Scan Holdings plc, a company incorporated in Great Britain and registered in England and Wales. The financial statements of Image Scan Holdings plc, are available from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

**19. RELATED PARTY TRANSACTIONS**

During the year, Image Scan Holdings plc, the parent company, provided management services to the value of £572,877 (2022: £625,449) to the Company.

At the year end, the balance owed to Image Scan Holdings plc was £9,374,109 (2022: £9,313,720).

Aerosino Technology LLC is considered to be a related party as it is related to Rise Step International Limited, which is itself a substantial shareholder of the Company. Aerosino Corporation Inc provided goods to the value of £8,251 (2022: £407). An amount of £nil (2022: £nil) is due to Aerosino Corporation Inc at the year end.

SK Electronic Solutions Ltd is considered to be a related party by virtue of Sunil Vadgama having a material interest in, and being a director of the company. SK Electronics Ltd provided consultancy services to the value of £2,121 (2022: £nil).

AVS Partners Limited is considered to be a related party by virtue of William Mawer having a material interest in, and being a director of, the company. AVS Partners Limited provided consultancy services to the value of £nil (2022: £679). An amount of £nil (2022: £nil) is included in trade payables at the year end.

The Directors have the authority and responsibility for planning, directing and controlling the activities of the company. Their remuneration is borne by the parent company, Image Scan Holdings Plc.

**20. FINANCIAL INSTRUMENTS**

The principal financial assets of the Company are bank balances, trade and other receivables. The main purpose of these financial instruments is to generate sufficient working capital for the Company to continue its operations. The Company's principal financial liabilities are trade and other payables. Given the short term nature of these assets and liabilities the carrying value is considered to be an approximation to fair value.

<b>Financial assets</b>	2023 £	2022 £
Cash and cash equivalents	949,510	675,471
Trade and other receivables	391,540	384,246
Accrued income on contract assets	52,428	52,583
	<u>1,393,478</u>	<u>1,112,300</u>

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

<b>Financial liabilities</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade and other payables	<b>9,638,653</b>	9,616,061
Lease liability	<b>164,308</b>	201,753
	<hr/>	<hr/>
	<b>9,802,961</b>	9,817,814
	<hr/>	<hr/>

*Credit risk*

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below. All classes relate to financial assets classified as loans and receivables.

The credit risk is primarily attributable to trade receivables. The Company's policy is to operate contracts on a cash positive basis. Payment terms typically require a substantial deposit on placement of the order and a majority of the invoice paid prior to shipment.

*Liquidity risk*

The Company's funding strategy is to generate sufficient working capital to settle liabilities as they fall due. This is supported by loans from the parent company. Liquidity risk is managed through cash flow forecasting to ensure working capital requirements are identified promptly.

The Company's financial liabilities have contractual maturities as follows:

<b>Financial liability profile</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Due in less than one month	<b>9,500,945</b>	9,425,540
Due between one and three months	<b>132,038</b>	119,378
Due between three months and one year	<b>40,295</b>	108,768
Due after one year	<b>129,683</b>	164,128
	<hr/>	<hr/>
	<b>9,802,961</b>	9,817,814
	<hr/>	<hr/>

**Currency profile**

At 30 September 2023 trade and other receivables included US\$28,988 (2022: US\$28,947) and amounts payable included US\$109,337 and Euro £nil (2022: US\$146,286 and EUR €1,545). All other financial assets and liabilities are denominated in Sterling.

Currency risk is not considered to be significant for the Company.

**Capital management**

The Company's policy is to maintain a strong capital base in order to safeguard the future development of the business. The Company finances its operations through retained earnings, share capital, the management of working capital.

**3DX-RAY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**ADDITIONAL INFORMATION**

The additional information on page 33 has been prepared from the accounting records of the Company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.