

Company registration number SC040330 (Scotland)

NEXUS TECHNOLOGY GROUP UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

NEXUS TECHNOLOGY GROUP UK LIMITED

COMPANY INFORMATION

Directors	S R Craig D J Eastcroft S Kane M N Howat
Secretary	S R Craig
Company number	SC040330
Registered office	7 Melville Terrace Stirling United Kingdom FK8 2ND
Auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

NEXUS TECHNOLOGY GROUP UK LIMITED

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NEXUS TECHNOLOGY GROUP UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

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

Business review

Nexus Technology Group UK Limited, primarily engaged in Precision Engineering utilizing CNC machinery, has continued its upward trajectory in the current fiscal year. Our core focus on advanced manufacturing for diverse sectors, ranging from Oil and Gas to Defence, has positioned us as a key player in precision engineering solutions. Our expertise in Precision Engineering has enabled us to meet the increasingly complex demands of our clients.

In alignment with our commitment to growth and customer satisfaction, the demand for our precision engineering services has been consistently rising. We are actively exploring new avenues for growth and seeking strategic partnerships to support this expansion. Our agility in adapting to market dynamics and our ability to cater to the multifaceted needs of our broad customer base remain at the forefront of our strategy.

The ongoing geopolitical tensions, including the Russian-Ukraine war, have posed challenges to the global supply chain. However, our strategic approach and expertise in advanced technologies have allowed us to navigate these complexities successfully. This adaptability has been reflected in our financial performance.

We maintain open and transparent communication with our key stakeholders, including customers, employees, and suppliers. Their interests are a pivotal part of our decision-making process, ensuring a collaborative approach to business growth and development.

Principal risks and uncertainties

The principal risks and uncertainties facing Nexus Technology Group UK Limited include:

- **Supply Chain Dynamics:** The precision engineering industry is sensitive to supply chain fluctuations, especially concerning raw materials and components essential for CNC machinery.
- **Technology Advancements:** Keeping pace with rapid technological advancements in CNC machinery and precision engineering.
- **Environmental Regulations:** Compliance with environmental legislation, especially in the manufacturing sector.
- **Health and Safety:** Continual enhancement of our working environment to ensure the highest standards of health and safety.
- **Customer Dependency:** Maintaining robust relationships with key clients across various sectors, including Oil and Gas and Defence.
- **Economic Factors:** Monitoring global economic trends that may impact our client sectors, such as oil price volatility.
- **Regulatory Changes:** Adapting to political and regulatory developments that could affect our operations, including those related to UK defence contracts.

Financial key performance indicators

The Company's profitability and return on capital are continuously monitored as key performance indicators. This year, the overall EBITDA saw an increase to £998,071 compared to the previous year's £465,822. The Operating profit also improved to £678,828 from a restated £137,196.

Other key performance indicators for Nexus Technology Group UK Limited focus on efficiency in production, client satisfaction rates, and the innovation of CNC technology applications. We continuously monitor our operational efficiency and customer feedback to ensure we remain at the cutting edge of precision engineering.

NEXUS TECHNOLOGY GROUP UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Director's Statements of Compliance with Duty to Promote Success of the Company

The Directors of Nexus Technology Group UK Limited reiterate their commitment under section 172 of the Companies Act 2006 to act in ways that they believe will most likely promote the Company's success. This includes considering:

- Long-term consequences of decisions;
- Interests of the Company's employees;
- Relationships with suppliers, customers, and others;
- The impact of the Company's operations on the community and environment;
- Upholding high standards of business conduct;
- Fairness among shareholders of the Company.

The Company continually evaluates its long-term strategy, focusing on market trends, growth opportunities, and expanding mill partnerships. Every significant decision takes into account potential long-term consequences, including safety, financial, and reputational risks.

The Company's success is attributed to the collective performance and contributions of its employees. We maintain a culture of diversity and inclusion, provide growth and development opportunities, and practice sustainable business ethics. Environmental responsibility and the implementation of best practices to minimize environmental impact remain key priorities.

The Company's only member, Howat Capital Limited, is regularly engaged through monthly financial reporting and ad-hoc communication, ensuring informed participation in the Company's running and strategic direction.

This statement has been approved by the board and signed on its behalf.

On behalf of the board

S R Craig
Director

29 February 2024

NEXUS TECHNOLOGY GROUP UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

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

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S R Craig
D J Eastcroft
S Kane
M N Howat

Future developments

The Directors will take advantage of commercial opportunities in the Company's key markets to continue the profitable growth of the company.

Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

Strategic report

Principal activities, a review of the business, principal risks and uncertainties and financial key performance is given in the Strategic report on pages 1 to 2.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

S R Craig
Director

29 February 2024

NEXUS TECHNOLOGY GROUP UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

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 prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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;
- 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 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.

NEXUS TECHNOLOGY GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEXUS TECHNOLOGY GROUP UK LIMITED

Opinion

We have audited the financial statements of Nexus Technology Group UK Limited (the 'company') for the year ended 31 August 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

NEXUS TECHNOLOGY GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEXUS TECHNOLOGY GROUP UK LIMITED

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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

NEXUS TECHNOLOGY GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEXUS TECHNOLOGY GROUP UK LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jennifer Alexander
Senior Statutory Auditor
For and on behalf of Azets Audit Services

29 February 2024

Chartered Accountants
Statutory Auditor

Titanium 1
King's Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

NEXUS TECHNOLOGY GROUP UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	2022 £
Turnover	3	6,773,908	5,950,372
Cost of sales		(4,512,441)	(4,773,066)
Gross profit		2,261,467	1,177,306
Administrative expenses		(2,129,508)	(1,790,215)
Other operating income		546,869	750,105
Operating profit	4	678,828	137,196
Interest payable and similar expenses	6	(79,353)	(49,079)
Profit before taxation		599,475	88,117
Tax on profit	7	(24,291)	286,348
Profit for the financial year		575,184	374,465

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NEXUS TECHNOLOGY GROUP UK LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	8		750,524		871,194
Negative goodwill	8		(247,941)		(281,999)
Net goodwill			502,583		589,195
Other intangible assets	8		1,200		1,600
Total intangible assets			503,783		590,795
Tangible assets	9		1,563,915		1,796,504
Investments	10		5		5
			2,067,703		2,387,304
Current assets					
Stocks	12	808,838		428,594	
Debtors	13	3,118,678		1,882,766	
Cash at bank and in hand		807,187		1,353,209	
		4,734,703		3,664,569	
Creditors: amounts falling due within one year	14	(1,090,746)		(681,416)	
Net current assets			3,643,957		2,983,153
Total assets less current liabilities			5,711,660		5,370,457
Creditors: amounts falling due after more than one year	15	(3,672,157)		(3,906,138)	
Net assets			2,039,503		1,464,319
Capital and reserves					
Called up share capital	18	50,000		50,000	
Share premium account	19	1,500,000		1,500,000	
Capital redemption reserve	20	13,469		13,469	
Profit and loss reserves	21	476,034		(99,150)	
Total equity			2,039,503		1,464,319

The financial statements were approved by the board of directors and authorised for issue on 29 February 2024 and are signed on its behalf by:

S R Craig
Director

Company Registration No. SC040330

NEXUS TECHNOLOGY GROUP UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2023

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 September 2021	50,000	1,500,000	13,469	(473,615)	1,089,854
Year ended 31 August 2022:					
Profit and total comprehensive income for the year	-	-	-	374,465	374,465
Balance at 31 August 2022	50,000	1,500,000	13,469	(99,150)	1,464,319
Year ended 31 August 2023:					
Profit and total comprehensive income for the year	-	-	-	575,184	575,184
Balance at 31 August 2023	50,000	1,500,000	13,469	476,034	2,039,503

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

Company information

Nexus Technology Group UK Limited ('the Company') is a private company limited by shares registered in Scotland. The company's registered office is 7 Melville Terrace, Stirling, United Kingdom, FK8 2ND, and principal place of business is 7B North Caldeen Road, Coatbridge, Lanarkshire, ML5 4EF. The Company registered number is SC040330.

1.1 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.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Nexus Technology Group UK Limited is a wholly owned subsidiary of Howat Capital Limited and the results of Nexus Technology Group UK Limited are included in the consolidated financial statements of Howat Capital Limited which are available from Companies House, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Intellectual Property	10 years
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1.6 Tangible fixed assets

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

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

Leasehold improvements	7 years
Plant and machinery	3 - 15 years
Long term tooling	10 years
Computers	3 years
Motor vehicles	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently 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.

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 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.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet 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.

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.14 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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 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.

1.18 Foreign exchange transactions

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

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

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

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

1.19 Debtors

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

1.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Company amortises goodwill over a 10 year period. This is regularly reviewed to ensure it is reasonable and is subject to an annual impairment review.

In the opinion of the Directors, there are no other key sources of estimation uncertainty involved in the preparation of the financial statements.

3 Turnover and other revenue

	2023	2022
	£	£
Other revenue		
Grants received	-	25,223
	<u> </u>	<u> </u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	1,040	(2,664)
Government grants	-	(25,223)
Fees payable to the company's auditor for the audit of the company's financial statements	-	(6,345)
Depreciation of owned tangible fixed assets	231,182	244,277
Loss on disposal of tangible fixed assets	17,623	40,283
Amortisation of intangible assets	87,012	87,013
	<u> </u>	<u> </u>

5 Employees

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

	2023	2022
	Number	Number
Administration and technical	69	70
	<u> </u>	<u> </u>

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

5 Employees (Continued)

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	2,587,945	2,648,252
Social security costs	249,834	272,148
Pension costs	91,635	100,150
	<u>2,929,414</u>	<u>3,020,550</u>

6 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and loans	79,353	49,079
	<u>79,353</u>	<u>49,079</u>

7 Taxation

	2023 £	2022 £
Current tax		
Adjustments in respect of prior periods	-	27,159
	<u>-</u>	<u>27,159</u>
Deferred tax		
Origination and reversal of timing differences	24,291	(313,507)
	<u>24,291</u>	<u>(313,507)</u>
Total tax charge/(credit)	<u>24,291</u>	<u>(286,348)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	<u>599,475</u>	<u>88,117</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 21.52% (2022: 19.00%)	128,978	16,742
Tax effect of expenses that are not deductible in determining taxable profit	3,015	-
Adjustments in respect of prior years	-	27,159
Group relief	450,182	104,066
Fixed asset differences	(4,965)	(11,052)
Remeasurement of deferred tax for changes in tax rates	93,494	34,660
Movement in deferred tax not recognised	(646,413)	(457,923)
Taxation charge/(credit) for the year	<u>24,291</u>	<u>(286,348)</u>

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

8 Intangible fixed assets

	Goodwill £	Negative goodwill £	Intellectual Property £	Total £
Cost				
At 1 September 2022 and 31 August 2023	1,206,696	(340,573)	4,000	870,123
Amortisation and impairment				
At 1 September 2022	335,502	(58,574)	2,400	279,328
Amortisation charged for the year	120,670	(34,058)	400	87,012
At 31 August 2023	456,172	(92,632)	2,800	366,340
Carrying amount				
At 31 August 2023	750,524	(247,941)	1,200	503,783
At 31 August 2022	871,194	(281,999)	1,600	590,795

9 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Long term tooling £	Computers £	Motor vehicles £	Total £
Cost						
At 1 September 2022	274,315	4,409,109	51,421	157,695	29,995	4,922,535
Additions	2,886	43,445	10,495	3,990	3,834	64,650
Disposals	-	(81,059)	-	-	(12,195)	(93,254)
At 31 August 2023	277,201	4,371,495	61,916	161,685	21,634	4,893,931
Depreciation and impairment						
At 1 September 2022	136,566	2,800,982	39,327	125,903	23,253	3,126,031
Depreciation charged in the year	39,460	166,345	6,405	14,043	4,929	231,182
Eliminated in respect of disposals	-	(15,002)	-	-	(12,195)	(27,197)
At 31 August 2023	176,026	2,952,325	45,732	139,946	15,987	3,330,016
Carrying amount						
At 31 August 2023	101,175	1,419,170	16,184	21,739	5,647	1,563,915
At 31 August 2022	137,749	1,608,127	12,094	31,792	6,742	1,796,504

10 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	11	5	5

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

11 Subsidiaries

Details of the company's subsidiaries at 31 August 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
NPL 1997 Ltd	7 Melville Terrace, Stirling, Scotland, FK8 2ND	Ordinary	100.00
Midland Precision Ltd	As above	Ordinary	100.00
Sheffield Deep Bore Ltd	31 Catley Road, Sheffield, United Kingdom, S9 5JF	Ordinary	100.00
AMS Group Holdings Limited	7 Melville Terrace, Stirling, Scotland, FK8 2ND	Ordinary	100.00
Nexus Precision Limited	As above	Ordinary	100.00

12 Stocks

	2023 £	2022 £
Work in progress	808,838	428,594

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	2,104,249	1,420,718
Amounts owed by group undertakings	560,755	32,230
Other debtors	46,922	-
Prepayments and accrued income	117,536	116,311
	2,829,462	1,569,259
Deferred tax asset (note 16)	289,216	313,507
	3,118,678	1,882,766

14 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	634,162	344,291
Amounts owed to group undertakings	61,169	487
Taxation and social security	273,005	224,886
Other creditors	38,191	14,971
Accruals and deferred income	84,219	96,781
	1,090,746	681,416

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

15 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Amounts owed to group undertakings	3,672,157	3,906,138

The amount owed to group undertakings is secured by a bond and floating charge held by Howat Capital Limited. The loan bears interest at 3% and is repayable by September 2025.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2023 £	Assets 2022 £
Balances:		
Accelerated capital allowances	(357,140)	(413,377)
Tax losses	644,480	726,884
Retirement benefit obligations	1,876	-
	289,216	313,507
Movements in the year:		2023 £
Asset at 1 September 2022		(313,507)
Charge to profit or loss		24,291
Asset at 31 August 2023		(289,216)

17 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	91,635	100,150

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year end, contributions of £19,899 (2022 - £14,971) were payable to the pension scheme and are disclosed as an other creditor.

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	49,200	49,200	50,000	49,200
Ordinary A shares of £1 each	800	800	-	800
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

Ordinary shareholders receive one vote per share, while Ordinary A shareholders receive one vote for every ten shares held. In all other respects the Ordinary and Ordinary A shares rank pari passu.

19 Share premium account

The reserve records the amount above the nominal value received for shares sold, less transaction costs.

20 Capital redemption reserve

The reserve relates to the purchase of the companies own share capital.

21 Profit and loss reserves

The profit and loss account includes all current and prior period retained profits and losses and capital contributions.

22 Operating lease commitments

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:

	2023	2022
	£	£
Within one year	137,274	117,588
Between two and five years	539,550	441,914
In over five years	244,558	349,288
	<u>921,382</u>	<u>908,790</u>

23 Related party transactions

As a wholly owned subsidiary of Howat Capital Limited, the company has taken advantage of the exemption provided by FRS 102 s33.1A whereby disclosures need not be given of transactions entered into two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.

NEXUS TECHNOLOGY GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

24 Ultimate controlling party

The company's immediate parent undertaking is Howat Capital Limited, a company registered in Scotland. The company's ultimate parent company is Howat Capital Partners Ltd, a company incorporated in the Cayman Islands. The smallest and largest group of undertakings for which group financial statements have been drawn up is that headed by Howat Capital Limited. Copies of the group financial statements are available to the public from Companies House, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

In the opinion of the director, M N Howat is the company's controlling party by virtue of his shareholding in Howat Capital Partners Ltd.

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.