

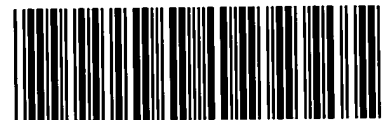
Ferag UK Limited

Annual report and financial statements

Registered number 00965949

For the year ended 31 December 2021

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Company Information

Directors	H. Bosshard D. Thierry T. Ramundo M. Andrews
Secretary	M. Andrews
Company number	00965949
Registered office	Unit 17, Harlow Mill Business Park River Way Harlow Essex CM20 2FD
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Solicitor	Whiskers 6 Mitre Buildings Kitson Way Harlow Essex CM20 1DR

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Strategic Report

Review of the business

Following the end of the Coronavirus pandemic and its restrictions, operations were still fairly slow through the first half of the year. However, the second half saw an upturn as more sites went back to normal operations, this has continued into 2022.

The service department had been very successful throughout the year ended 31 December 2021. Existing contracts have been renewed and new contracts gained. This meant that the work lined up for period ended 31 December 2021 wasn't cancelled but postponed with a large number of scheduled visits now moved to 2022.

Despite the difficulties, prospects remained good with a strong pipeline of potential projects in both the traditional graphics sector but also the Intralogistics side coming onboard.

This leads us to believe we are in a strong position going forward to revert back to the performance of the year ended 31 March 2019 with new customers already lined up.

Principal risks

Some of our customers were showing strong signs of future unstable trading due to the Brexit departure. We continue to monitor this, and we believe the impact due to this will be negligible. The impact of this is felt on orders being placed as opposed to risk to outstanding debts, which continue to be cleared as per terms with no potential bad debts. We note that our equipment and spare parts are supplied by our parent Company based in Switzerland, which we have not seen impacted unduly by Brexit.

Financial risk management

The Company's operations expose it to limited financial risks, which includes credit risk, liquidity risk and foreign exchange risk. The directors are monitoring specific customers who pose significant credit risk threats and in certain circumstances credit has been reduced or removed.

Price Risk

The market price of all capital equipment and consumable items is under pressure. We have and will continue to select and work with customers that see the potential of savings in efficiency, energy and lean processing as a benefit, and who model their investments on mid-term savings.

Credit risk

The Company has policies in place to ensure that credit checks are undertaken for each new potential customer. Also, given the size of the industry in which the Company undertakes its activities, all existing customers' financial status is closely monitored.

Liquidity risk

The Company, along with the parent Company, closely tracks its liquidity position to ensure that sufficient funds are available for its operations.

The position of the Company at the year end

Our business structure is now suited to the traditional and new market sectors we are operating within. Maintaining our market activity in the graphic arts sector, providing sales, service and spare parts. Also, our new sectors of ecommerce, logistics and general material handling are becoming established with our sales department having secured a very promising outlook for 2021, leading now into 2022.

Strategic Report (continued)

Analysis based on key performance indicators

The Company was able to show a positive cash flow, despite difficult trading conditions. Management continues to look at ways to improve net profit margins by increasing sales and reducing fixed costs.

Future developments

Our future customer approach offers advice on process flow efficiency. Our systems and products will be targeted to the ecommerce, logistics, general material handling sectors. Due to the realignment of the Company towards the Intralogistics process flow approach mentioned above, there has been the change of MD within the Company and Darcy De Thierry has joined the Company in 2021, with a wealth of expertise and knowledge within that sector. We are already starting to see the benefits of this change in direction.

COVID Considerations

The Directors recognise the financial risk associated with the threat of the Coronavirus (COVID-19). We have taken advantage of the job retention scheme earlier in the year where necessary. Service work has been postponed to 2021 rather than cancelled which should lead to stronger numbers going forward. There has been a reduction in spares and consumables sales, but we are confident this will recover during FY22. The cash balance remains extremely healthy negating the need for any further loans related to the COVID-19 outbreak.

By order of the board

Darcy De Thierry
Director



22 March 2023

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2021. The comparative period shown is for the 9-month period ended 31 December 2020.

Principal activities

The principal activities of the Company throughout the year were the sales of Ferag systems, DeniPro products, third party products, spares and service. The Company has traditionally been involved with the newspaper industry and is now placing an increased focus on the graphic arts, food and retail market sectors.

The registered offices of the Company are located at: Unit 17, Harlow Mill Business Park, River Way, Harlow, Essex, CM20 2FD.

Results and dividends

The results for the year are set out on page 9. The directors do not recommend the payment of a dividend.

Directors

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

H. Bosshard (Appointed 1 February 2021)

D. Thierry (Appointed 1 February 2021)

T. Ramundo (Appointed 1 February 2021)

M. Andrews

Political contributions and charitable donations

The Company made no political contributions or charitable donations or incurred any political expenditure during the current year or prior period.

Disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors 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.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Darcy de Thierry
Director

Unit 17, Harlow Mill Business Park
River Way
Harlow
Essex
CM20 2FD
22 March 2023

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERAG UK LIMITED

Opinion

We have audited the financial statements of Ferag UK Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as provision for stocks.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals entries posted to unrelated accounts linked to the fraud risk over revenue recognition, journal entries posted to unrelated accounts linked to cash, journal entries posted to stocks and journals entries containing key words such as reversals, reclassifications, and restatement.
- Testing the reasonableness of stock provision policy, obtaining stock reports and recalculated stock provision
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequence of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, Consumer Rights Act 2015 and Sale of Goods Act, foreign corrupt practices, GDPR compliance. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and

INDEPENDENT AUDITOR'S REPORT *(continued)*

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Mark Prince (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

22 March 2023

Profit and Loss Account and Other Comprehensive income
For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £	9-month period ended 31 December 2020 £
Turnover	2	2,988,237	2,151,621
Cost of sales		(2,120,011)	(1,378,929)
Gross profit		868,226	772,692
Distribution costs		(1,365)	(30,859)
Administrative expenses		(919,301)	(821,926)
Strategic restructuring costs	5	-	(124,460)
Other operating income	10	50,302	80,545
Operating loss	3	(2,138)	(124,008)
Other interest receivable and similar income	6	73	288
Loss before taxation		(2,065)	(123,720)
Tax on loss	8	3,229	737
Profit/(loss) for the period		1,164	(122,983)
Other comprehensive income for the period		-	-
Total comprehensive income/(loss) for the period		1,164	(122,983)

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are no recognized gains and losses other than those passing through the profit and loss account.

The notes on pages 13 to 24 form part of these financial statements

Balance Sheet

As at 31 December 2021

	Notes	31 December 2021 £	31 December 2020 £
Fixed assets			
Deferred tax asset	15	27,264	24,035
		<u>27,264</u>	<u>24,035</u>
Current assets			
Stocks	12	647,084	644,181
Debtors	13	845,120	809,212
Cash at bank and in hand		745,294	1,266,536
		<u>2,237,498</u>	<u>2,719,929</u>
Creditors: amounts falling due within one year	14	(810,556)	(1,290,922)
Net current assets		<u>1,426,942</u>	<u>1,429,007</u>
Total assets less current liabilities		<u>1,454,206</u>	<u>1,453,042</u>
Net assets		<u>1,454,206</u>	<u>1,453,042</u>
Capital and reserves			
Called up share capital	17	1,500,000	1,500,000
Profit and loss account		(45,794)	(46,958)
Shareholders' funds		<u>1,454,206</u>	<u>1,453,042</u>

The notes on pages 13 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 22 March 2023 and were signed on its behalf by:



Darcy De Thierry

Director

Company registered number: 00965949

Statement of Changes in Equity
For the year ended 31 December 2021

	Share capital £	Profit and loss account £	Total £
Balance at 1 April 2020	1,500,000	76,025	1,576,025
Total comprehensive income for the period			
Loss for the period		(122,983)	(122,983)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(122,983)	(122,983)
Balance at 31 December 2020	1,500,000	(46,958)	1,453,042
Total comprehensive income for the year			
Profit for the year	-	1,164	1,164
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,164	1,164
Balance at 31 December 2021	1,500,000	(45,794)	1,454,206

The notes on pages 13 to 24 form part of these financial statement.

Cash Flow Statement
For the year ended 31 December 2021

	Year ended 31 December 2021	9 months ended 31 March 2020
	£	£
Cash flow from operating activities:		
Operating loss for the period	(2,138)	(124,008)
Adjustments for:		
Depreciation on tangible assets	-	1,674
	<u>(2,138)</u>	<u>(122,334)</u>
Increase in stocks	(2,903)	(111,819)
(Increase)/Decrease in debtors	(35,908)	126,893
(Decrease)/Increase in creditors within one year	(480,366)	602,197
	<u>(519,177)</u>	<u>617,271</u>
Net cash (used in)/generated from operating activities	<u>(521,315)</u>	<u>494,937</u>
Cash flow from investing activities:		
Interest received	73	288
Net cash generated from investing activities	<u>73</u>	<u>288</u>
Cash flow from financing activities:		
Dividend payments	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(521,242)	495,225
Cash and cash equivalents at the beginning of the year	<u>1,266,536</u>	<u>771,311</u>
Cash and cash equivalents at the end of the year	<u>745,294</u>	<u>1,266,536</u>

The notes on pages 13 to 24 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting Policies

Ferag UK Limited (the "Company") is a private Company incorporated, domiciled and registered in the UK. The registered number is 00965949 and the registered address is Unit 17, Harlow Mill Business Park, River Way, Harlow, Essex, CM20 2FD.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.14.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Directors have considered the Company's business activities and the level of integration of the Company's operations to support the operations of Ferag Group as a whole together with the factors likely to affect its future development, its financial position and financial risk management objectives. Based on this they have prepared forecasts covering a period to 31 March 2024 which support their opinion that the going concern basis remains appropriate.

Considering the operations of the Company and the industry it is affiliated to, it has been affected by COVID- 19 during the early part of the year, however the cash reserves of the Company will be sufficient to compensate for any future unexpected short-term fall in revenue. Whilst the global pandemic, due to COVID-19, did affect some customers negatively, others are little affected due to the key nature of their trade and the Company continues to operate with these and has gained opportunities within the Distribution sector away from the traditional Graphic ones. The Company has seen little impact to its supply chain of Spares. The Company has always held relatively large amounts of inventory and no critical shortages are currently known.

Management has prepared forecasts for the period to 31 March 2024, including worst case scenarios to understand the impacts any such occurrence would have and the mitigating procedures the Company could take in such situations. A severe downside scenario where sales levels are an average 30% below normal trading levels results in the Company still being cash generative for the period to March 2024. This was similar to the scenario under lockdown governance which limited all trading during 2020/21. A downside of 50% would necessitate the Company taking cost reduction measures and assistance from its parent company.

Therefore, the Directors are satisfied that the Company has adequate cash and financing resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. The Directors of the Company have prepared these financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Turnover

Turnover represents the revenue earned from the invoiced value of goods sold and services provided net of value added tax.

Revenue from the sale of goods is only recognized when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer and the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from services is recognized according to the stage of completion of the work. Commission is recognized following a confirmed purchase order to the equipment provider, mainly being the parent Company in Switzerland.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Company assesses at each reporting date whether tangible fixed assets are impaired. The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Land and buildings Leasehold	depreciated over the term of the lease
Plant and machinery	8% - 25% straight line
Fixtures, fittings & equipment	10% - 33% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

1.8 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account in periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading "Other operating income".

Notes (continued)

1 Accounting policies (continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognized in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognized as incurred. Lease incentives received are recognized in profit and loss over the term of the lease as an integral part of the total lease expense.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

1 Accounting policies (continued)

1.13 Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.14 Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions. 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 recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Using the information available at the balance sheet date, the Directors also make estimates regarding the valuation of stock held in accordance with the accounting policy over stock noted above. These include the assessment of NRV, the likelihood of the sale of the stock held and historical experience. The carrying amount of stock is disclosed in Note 12.

2 Turnover

	31 December 2021	9 months ended 31 December 2020
	£	£
Activity		
Sale of goods	2,518,393	1,619,596
Rendering of services	367,132	337,162
Commissions	82,429	181,078
Other Activities	20,283	13,785
	<hr/>	<hr/>
Total	2,988,237	2,151,621
	<hr/>	<hr/>
Geographical market		
United Kingdom	2,877,278	2,039,982
Other EU countries	1,477	534
Australia	343	1,221
Switzerland	109,139	109,884
	<hr/>	<hr/>
	2,988,237	2,151,621
	<hr/>	<hr/>

3 Operating loss

Included in loss are the following:

	31 December 2021	9 months ended 31 December 2020
	£	£
Depreciation of tangible assets	-	1,674
Operating lease rentals		
- Land and buildings	55,000	48,008
- Motor Vehicles	64,091	52,258
Impairment of stock	-	(50,000)
	<hr/>	<hr/>

4 Auditor's remuneration

	31 December 2021	9 months ended 31 December 2020
	£	£
Fees payable for the audit of the financial statements	49,500	31,750
Fees payable to the Company's auditor and its associates for other services:		
Taxation compliance	5,000	5,000
Advisory service	-	4,000

5 Strategic restructuring costs

In 2020, the Company completed a strategic review of its operations and it was decided that the systems and products will be targeted to the ecommerce, logistics, general material handling sectors. Due to this, there was a change of the managing director of the Company. This resulted in significant cost and the directors believe it is necessary to show this cost separately to assess the financial performance of the business.

Notes (continued)

5 Strategic restructuring costs (continued)

	31 December 2021 £	9 months ended 31 December 2020 £
Strategic restructuring costs	-	124,460

6 Other interest receivable and similar income

	31 December 2021 £	9 months ended 31 December 2020 £
Bank interest	73	288

7 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	31 December 2021 Number	9 months ended 31 December 2020 Number
Installation and service	6	6
Sales and administration	8	9
	14	15

Employee costs

	31 December 2021 £	9 months ended 31 December 2020 £
Staff costs	665,990	588,063
Social security costs	113,227	87,246
Other pension costs	79,365	64,995
	858,582	740,304

Directors' remuneration

	31 December 2021 £	9 months ended 31 December 2020 £
Remuneration for qualifying services	268,634	241,522

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 2)

Remuneration disclosed above includes the following amounts paid to the highest paid director.

	31 December 2021 £	9 months ended 31 December 2020 £
Remuneration for qualifying services	137,520	137,492
Company pension contributions to defined contribution schemes	11,220	9,068
	148,740	146,560

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account;

	31 December 2021 £	9 months ended 31 December 2020 £
Domestic current year tax		
U.K. corporation tax	-	-
Prior year adjustment		(1,670)
Current tax charge	-	(1,670)
Adjustment to tax charge due to overpayment of tax in previous years	-	-
Deferred tax charge		
Adjustments in respect of prior periods	-	39
Origination and reversal of timing differences	4,361	894
Effect of tax rate change on opening balances	(7,590)	-
Deferred tax (charge)/credit	(3,229)	933
Total tax for the year/period	(3,229)	(737)
Factors affecting tax charge for the period / year		
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2020: 19%)	(392)	23,507
Non-deductible expenses	456	148
Deferred tax not recognized	(3,293)	24,253
Fixed asset differences	-	-
Prior year adjustment – Deferred tax	-	39
Prior year adjustment – Current tax	-	(1,670)
Adjustment of closing deferred tax to average rate	-	-
Adjustment of opening deferred tax to average rate of 19%	-	-
Total tax charge for the year/period	(3,229)	(737)

A reduction in the U.K. corporate tax rate from 19% to 17% (effective April 1, 2020) was substantively enacted on September 6, 2016. This was reversed and the reinstatement of the 19% was substantively enacted on 17 March 2020. The deferred tax asset at 31 December 2021 has been calculated at 19% (2020: 19%). The deferred tax asset not recognised in the year amounted to £402,732 (2020: £302,825)

In the March 3, 2021 Budget, it was announced that the U.K. tax rate will increase to 25% from April 1, 2023. This will have consequential effect on the Company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date, this will increase the Company's future tax charge accordingly.

Notes (continued)

9 Dividends

	31 December 2021 £	9 months ended 31 December 2020 £
Ordinary dividends paid	-	-

10 Other operating income

	31 December 2021 £	9 months ended 31 December 2020 £
JRS income (Government grant)	50,302	80,545

11 Tangible fixed assets

	Land and buildings leasehold £	Plant and machinery £	Fixture, fittings & equipment £	Total £
Cost				
At 1 December 2020	150,305	211,043	154,121	515,469
Additions	-	-	-	-
At 31 December 2021	150,305	211,043	154,121	515,469
Depreciation				
At 1 December 2020	150,305	211,043	154,121	515,469
Charge for the year	-	-	-	-
At 31 December 2021	150,305	211,043	154,121	515,469
Net book value				
At 31 December 2021	-	-	-	-
At 31 December 2020	-	-	-	-

12 Stocks

	31 December 2021 £	31 December 2020 £
Raw materials and consumables	59,172	26,097
Finished goods and goods for resale	587,912	618,084
	647,084	644,181

The cost of inventories recognized as an expense within cost of sales includes write back of £nil (2020: charge of £50,000) in respect of write downs of inventory to net realizable value.

Notes (continued)

13 Debtors

	31 December 2021	31 December 2020
	£	£
Trade debtors	602,625	404,522
Prepayments and accrued income	153,940	352,670
Amounts owed by parent and fellow subsidiary undertakings	85,055	46,850
Other Debtors	3,500	5,170
	<u>845,120</u>	<u>809,212</u>

The other debtors balance includes a debtor related to the job retention scheme provided by the UK government of £nil (2020: £5,928).

Due within one year	845,120	809,212
Due after more than one year	-	-
	<u>845,120</u>	<u>809,212</u>

14 Creditors: amounts falling due within one year

	31 December 2021	31 December 2020
	£	£
Trade creditors	40,238	55,274
Amounts owed to parent and fellow subsidiary undertakings	387,432	485,139
Accruals and deferred income	307,502	706,902
Other taxes and social security costs	68,644	29,798
Other creditors	6,740	13,809
	<u>810,556</u>	<u>1,290,922</u>

15 Deferred tax asset

	31 December 2021	31 December 2020
	£	£
Accelerated capital allowances	24,035	24,968
Others	3,229	(933)
	<u>27,264</u>	<u>24,035</u>

16 Retirement benefits

	31 December 2021	31 December 2020
	£	£
Contributions paid by the Company for the year/period	<u>61,327</u>	<u>50,630</u>

Notes (continued)

17 Share capital

	31 December 2021 £	31 December 2020 £
<i>Allotted, called up and fully paid</i>		
1,500,000 Ordinary shares of £1 each	<u>1,500,000</u>	<u>1,500,000</u>

18 Operating leases

Leases as lessee

At 31 December 2021, the Company was committed to making the following payments under non - cancellable operating leases:

	Land and Buildings 31 December 2021 £	Other 31 December 2021 £	Land and Buildings 31 December 2020 £	Other 31 December 2020 £
Less than one year	55,000	51,662	55,000	36,211
Between two and five years	<u>9,167</u>	<u>54,947</u>	<u>50,417</u>	<u>35,012</u>
	<u>64,167</u>	<u>106,609</u>	<u>105,417</u>	<u>71,223</u>

During the year, £119,091 (2020: £100,266) was recognised as an expense in the profit and loss account in respect of operating leases, of which £nil (2020: £nil) related to changes in lease payments arising from COVID-19-related rent concessions.

	31 December 2021 £	31 December 2020 £
Within one year	-	7,500
Between two and five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>7,500</u>

19 Related party transactions

The Company is involved in transactions with other group undertakings.

These included the receipt of sales commissions, the purchase of almost all raw materials, consumables and equipment, and the supply of installation and maintenance services.

Notes (continued)

19 Related party transactions (continued)

Aggregate transactions during the year with group companies were as follows:

	Sales	Purchases	Commission Received
	£	£	£
FERAG FRANCE	498	-	-
FERAG POLSKA SP. Z.O	-	-	-
FERAG IBERICA S.A.	40	-	-
FERAG AG	43,438	948,783	65,700
FERAG AUSTRALIA	343	-	-
FERAG DEUTSCHLAND	939	-	-
	45,258	948,783	65,700

Comparative figures for the period ended 31 December 2020 were as follows:

	Sales	Purchases	Commission Received
	£	£	£
WRH GLOBAL FRANCE	99	-	-
WRH GLOBAL POLSKA SP. Z.O	62	-	-
WRH GLOBAL IBERICA S.A.	308	-	-
WRH GLOBAL AG	67,503	1,086,227	42,381
WRH GLOBAL AUSTRALIA	1,221	-	-
WRH GLOBAL DEUTSCHLAND	19	-	-
	69,212	1,086,227	42,381

There are no other transactions and balances with key management not included within the Directors' remuneration.

20 Related party balances

At 31 December 2021, balances outstanding with group companies were as follows:

	Intercompany Debtor	Intercompany Creditor	Net Balance
	£	£	£
Ferag AG	85,130	(285,982)	(200,852)
Ferag Australia	173	-	173
Ferag Germa	(248)	(603)	(851)
Ferag Polska	-	-	-
RMO UK Limited	-	(100,847)	(100,847)
	85,055	(387,432)	(302,377)

Notes (continued)

20 Related party balances (continued)

At 31 December 2020, balances outstanding with group companies were as follows:

	Intercompany Debtor £	Intercompany Creditor £	Net Balance £
Ferag AG	45,422	(384,292)	(338,870)
Ferag Australia	1,285	-	1,285
Ferag Nordic	76	-	76
Ferag Polska	67	-	67
RMO UK Limited	-	(100,847)	(100,847)
	<u>46,850</u>	<u>(485,139)</u>	<u>(438,289)</u>

21 Ultimate parent Company and parent Company of larger group

The Company is, a subsidiary undertaking of Ferag AG, incorporated in Switzerland with its registered office at Industriestrasse 1 CH-8340, Hinwil, Switzerland. The ultimate controlling party is Walter Reist Holding AG incorporated in Switzerland with its registered office at Arenenbergstrasse 8, Ermatingen, 8272, Switzerland.

The consolidated financial statements of these groups are not available to the public and may be obtained from Industriestrasse 1 CH-8340, Hinwil, Switzerland.

22 Subsequent events

Subsequent to the balance sheet date, no material events occurred.