

Volumatic Limited

Report and Financial Statements

Year Ended

31 March 2014

Company Number 01069143

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Volumatic Limited

Report and financial statements for the year ended 31 March 2014

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Directors

J M Summerfield
D M Johnson
C P Amos
J W Harris
R S Stuart

Secretary and registered office

J M Summerfield, Taurus House, Endemere Road, Coventry, CV6 5PY

Company number

01069143

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Volumatic Limited

Strategic report for the year ended 31 March 2014

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2014.

Review of the Business

The principal activities of Volumatic Limited are the assembly, servicing and distribution of intelligent cash handling products for the retail, banking and leisure industries in the UK, Europe and USA. The Company continues to focus on developing products, software and services that reduce the costs and increase the security of handling cash.

Results and performance

The results of Volumatic Limited for the year as set out on pages 7 to 18 show a profit on ordinary activities before tax of £2,010k (2013: £3,042k). Despite the fall in sales and profit the Company has continued to make good progress during the year. We have built a strong prospect pipeline, but the level of orders in the year under review did not match a very significant project we undertook for a major UK supermarket in the previous year. In total, sales fell by 20% as a consequence of this change in project volumes, however we saw strong growth in European sales and expect this to continue.

Business Environment

All of our major customer groups were significantly affected by the global downturn in 2008/09 and demand has still not returned to pre-crisis levels. There is a consistent drive amongst retailers to improve the efficiency of non-value adding tasks and all of our products are well placed to meet these needs. Our CounterCache Intelligent remains the most widely used intelligent till point deposit device by a significant margin but we are seeing growing competition in this sector. As set out in 'Future Developments' below we continue to invest in all of our major product ranges to maintain a commercial advantage over our competitors.

Performance indicators

	2014 £'000	2013 £'000
Indicator		
Turnover	8,123	10,207
Gross profit	2,866	3,870
Operating profit	2,010	3,042

We rely on these and several other financial and non-financial key performance indicators to monitor the performance of the business. All indicators are reported and analysed at regular local management meetings and business reviews with our majority shareholder.

Principal risks and uncertainties

Competitive pressure in the Company's key markets and the general economic environment are a continuing risk for the Company. The Company manages these risks by providing added value services to its customers, having fast response times and by maintaining strong relationships with customers.

Some of the Company's sales in Europe are made in Euros and it is therefore exposed to the movement in the Euro to Pound exchange rate. Similarly some of the Company's purchases and sales in the USA are made in US Dollars so the Company is exposed to the movement in the US Dollar to Pound exchange rate. Forward foreign exchange contracts are taken out to manage this exposure where significant.

Volumatic Limited

Strategic report for the year ended 31 March 2014 (*continued*)

Future Developments

We continue to be involved in several trials for our CounterCache intelligent product with major retailers both in the UK and overseas, however the market remains cautious about the strength of the economic recovery which has led to some delays in making investment decisions. Over the last year we have continued to invest in the three elements – the CounterCache Intelligent unit itself, the TruPouch and CashView software – that constitute the CounterCache intelligent solution. We have recently launched a high capacity version of the unit and pouch which opens up opportunities in high cash-take operations such as quick service restaurants and forecourts. We expect further enhancements to be issued in the next 12 months.

We have also successfully developed and launched a new count by weight scale. The CountEasy TS includes touch screen technology giving a clearer, more intuitive and more comprehensive user interface than any other product on the market. The major market for this sort of scale is currently the US and we are planning to invest in our American sales and support infrastructure to exploit the opportunities CountEasy TS offers us in that territory.

The Company is also investing in its business infrastructure to improve information flow both within the organisation and also with our customers and suppliers. An upgrade to the Company's ERP system has just been completed and a new CRM system will go live in the Autumn.

By order of the board



J M Summerfield
Secretary

1st December 2014.

Volumatic Limited

Report of the directors for the year ended 31 March 2014

The directors present their report together with the audited financial statements for the year ended 31 March 2014.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year.

Principal activities, review of business and future developments

A review of business and future developments is available in the strategic report.

Financial instruments

Details of financial instruments is available in the strategic report.

Research and development

The Company continues to invest in research and development. The directors regard R&D investment as necessary for continuing success in the medium to long term future.

Directors

The directors of the Company during the year were:

J M Summerfield
D M Johnson
C P Amos
J W Harris
R S Stuart

Directors' responsibilities

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 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.

Volumatic Limited

Report of the directors for the year ended 31 March 2014 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



J M Summerfield

18th December 2014.

Secretary

Volumatic Limited

Independent auditor's report

To the members of Volumatic Limited

We have audited the financial statements of Volumatic Limited for the year ended 31 March 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Volumatic Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

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

BDO LLP

Stephen Ward (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

4 December 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Volumatic Limited

Profit and loss account for the year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	2	8,122,907	10,206,768
Cost of sales		5,256,486	6,336,966
Gross profit		2,866,421	3,869,802
Distribution costs		68,333	85,196
Administrative expenses		793,867	735,968
		2,004,221	3,048,638
Other operating income		-	977
Operating profit	3	2,004,221	3,049,615
Other interest receivable and similar income		5,581	42
Interest payable and similar charges	6	-	(7,825)
Profit on ordinary activities before taxation		2,009,802	3,041,832
Taxation on profit on ordinary activities	7	296,353	544,679
Profit on ordinary activities after taxation		1,713,449	2,497,153

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 9 to 18 form part of these financial statements.

Volumatic Limited

Balance sheet at 31 March 2014

<i>Company number 01069143</i>	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible assets	8		217,629		-
Tangible assets	9		685,109		718,059
			902,738		718,059
Current assets					
Stocks	10	940,613		1,506,313	
Debtors	11	1,327,097		2,163,830	
Cash at bank and in hand		3,852,051		4,035,658	
		6,119,761		7,705,801	
Creditors: amounts falling due within one year	12	886,773		3,922,419	
Net current assets			5,232,988		3,783,382
Total assets less current liabilities			6,135,726		4,501,441
Creditors: amounts falling due after more than one year	13		26,918		106,082
			6,108,808		4,395,359
Capital and reserves					
Called up share capital	15		1,000		1,000
Profit and loss account	16		6,107,808		4,394,359
Shareholders' funds	17		6,108,808		4,395,359

The financial statements were approved by the board of directors and authorised for issue on 18th December 2014

C P Amos
Director



J M Summerfield
Director



The notes on pages 9 to 18 form part of these financial statements.

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Cash flow statement

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the Company are controlled within the group headed by Volumatic Holdings Limited (formally Project Counter Limited) and the Company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Depreciation

Tangible fixed assets are stated at cost less depreciation and provision for impairment.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 50 years
Plant, equipment and vehicles	- 4% to 33%

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are capitalised as intangible assets and amortised through the profit and loss over the estimated economic life of three years.

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company become party to the contractual provisions of the instrument.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in 'Financial instruments' note to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the profit and loss account.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2 Turnover

	2014 £	2013 £
Analysis by geographical market:		
United Kingdom	6,775,975	8,819,175
Europe	993,577	820,382
Rest of the world	353,355	567,211
	<u>8,122,907</u>	<u>10,206,768</u>

Turnover is wholly attributable to the principal activity of the Company.

3 Operating profit

	2014 £	2013 £
This is arrived at after charging/(crediting):		
Research and development - current year's expenditure	324,757	481,273
Depreciation of tangible fixed assets	93,612	113,435
(Profit)/loss on disposal of tangible fixed assets	(2,159)	2,294
Hire of plant and machinery - operating leases	21,511	7,377
Auditor's remuneration		
Fees payable for the audit of the Company's annual accounts	12,000	12,000
Other services	3,000	2,000
	<u>349,701</u>	<u>616,389</u>

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

4 Employees

Staff costs (including directors) consist of:

	2014 £	2013 £
Wages and salaries	1,202,654	1,298,082
Social security costs	139,341	110,343
Other pension costs	63,563	65,949
	<u>1,405,558</u>	<u>1,474,374</u>

The average number of employees (including directors) during the year was 31 (2013 - 28).

5 Directors' remuneration

	2014 £	2013 £
Directors' emoluments	442,103	484,605
Company contributions to money purchase pension schemes	27,493	17,970
Amounts paid to third parties in respect of directors' services	45,000	45,000
	<u>514,596</u>	<u>547,575</u>

The total amount payable to the highest paid director in respect of emoluments was £142,975 (2013 - £151,907). Company pension contributions of £8,588 (2013 - £5,613) were made to a money purchase scheme on their behalf.

6 Interest payable and similar charges

	2014 £	2013 £
Other interest	-	7,825
	<u>-</u>	<u>7,825</u>

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

7 Taxation on profit on ordinary activities

	2014 £	2013 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	286,786	544,209
Adjustment in respect of previous periods	(2,362)	(18,517)
	<hr/>	<hr/>
Total current tax	284,424	525,692
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	7,412	(567)
Adjustment in respect of previous periods	2,227	18,718
Effect of changes in tax rate	2,290	836
	<hr/>	<hr/>
Movement in deferred tax provision	11,929	18,987
	<hr/>	<hr/>
Taxation on profit on ordinary activities	296,353	544,679
	<hr/>	<hr/>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	2,009,802	3,041,832
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23% (2013 - 24%)	462,254	730,040
Effect of:		
Expenses not deductible for tax purposes	(59,884)	744
Capital allowances for period in (excess)/deficit of depreciation	(12,577)	5,486
Other timing differences	4,053	(2,391)
Adjustments in respect of prior periods	(2,362)	(18,517)
Enhanced expenditure relief	-	(74,552)
Group relief surrendered / (received) for nil payment	(107,060)	(115,118)
	<hr/>	<hr/>
Current tax charge for the year	284,424	525,692
	<hr/>	<hr/>

Factors that may affect future tax charges

The 2014 budget confirmed that the UK corporation tax rate will reduce to 21% by 1 April 2014 and 20% to apply from 1 April 2015.

This will reduce the company's current tax charge accordingly.

Volumatic Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (*continued*)

8 Intangible fixed assets

	Development costs £
<i>Cost</i>	
At 1 April 2013	773,672
Additions	217,629
	<hr/>
At 31 March 2014	991,301
	<hr/>
<i>Amortisation</i>	
At 1 April 2013 and 31 March 2014	773,672
	<hr/>
<i>Net book value</i>	
At 31 March 2014	217,629
	<hr/> <hr/>
At 31 March 2013	-
	<hr/> <hr/>

9 Tangible fixed assets

	Freehold land and buildings £	Plant, equipment and vehicles £	Total £
<i>Cost</i>			
At 1 April 2013	515,000	1,742,460	2,257,460
Additions	729	74,937	75,666
Disposals	-	(63,552)	(63,552)
	<hr/>	<hr/>	<hr/>
At 31 March 2014	515,729	1,753,845	2,269,574
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2013	20,731	1,518,670	1,539,401
Provided for the year	19,149	74,463	93,612
Disposals	-	(48,548)	(48,548)
	<hr/>	<hr/>	<hr/>
At 31 March 2014	39,880	1,544,585	1,584,465
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2014	475,849	209,260	685,109
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2013	494,269	223,790	718,059
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

10 Stocks

	2014 £	2013 £
Raw materials and consumables	413,500	816,627
Finished goods and goods for resale	527,113	689,686
	<u>940,613</u>	<u>1,506,313</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

11 Debtors

	2014 £	2013 £
Amounts receivable within one year		
Trade debtors	906,921	2,034,424
Amounts owed by group undertakings	162,415	-
Other debtors	174,902	35,919
Prepayments and accrued income	75,004	73,703
	<u>1,319,242</u>	<u>2,144,046</u>
Amounts receivable after more than one year		
Deferred taxation	7,855	19,784
	<u>1,327,097</u>	<u>2,163,830</u>
Total debtors		
		Deferred taxation £
At 1 April 2013		19,784
Released unused		(11,929)
		<u>7,855</u>
At 31 March 2014		

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

11 Debtors (continued)

Deferred taxation

	2014 £	2013 £
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	4,331	19,784
Sundry timing differences	3,524	-
	<u>7,855</u>	<u>19,784</u>

12 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	357,646	1,579,507
Amounts owed to group undertakings	-	307,320
Corporation tax	136,978	581,755
Other taxation and social security	66,965	576,972
Other creditors	292,916	813,820
Accruals and deferred income	32,268	63,045
	<u>886,773</u>	<u>3,922,419</u>

Included in other creditors is £Nil (2013: £350,469) relating to sale invoice discounting arrangement, which is secured on the book debts of the Company.

13 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Deferred Income	-	8,882
Other creditors	26,918	97,200
	<u>26,918</u>	<u>106,082</u>

14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £63,563 (2013: £65,949). Contributions amounting to £17,620 (2013: £17,393) were payable to the fund and are included in creditors.

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

15 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
900 Ordinary shares of £1 each	900	900
100 Preference shares of £1 each	100	100
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

The preference shares are presented as equity and included as called-up share capital in the balance sheet as the shares are non-convertible, irredeemable and there is no obligation to pay dividends to the preference shareholders.

16 Reserves

	Profit and loss account £
At 1 April 2013	4,394,359
Profit for the year	1,713,449
	<hr/>
At 31 March 2014	6,107,808
	<hr/>

17 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the year	1,713,449	2,497,153
Opening shareholders' funds	4,395,359	1,898,206
	<hr/>	<hr/>
Closing shareholders' funds	6,108,808	4,395,359
	<hr/>	<hr/>

Volumatic Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

18 Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below:

	Other 2014 £	Other 2013 £
Operating leases which expire:		
In two to five years	40,252	16,732

19 Capital commitments

	2014 £	2013 £
Contracted but not provided for	35,896	-

20 Financial commitments

At 31 March 2014, the company was committed to purchase US Dollars under the terms of a foreign exchange contract to the value of \$540,000. These contracts expire over a range of dates until September 2014.

At 31 March 2014, the contracts had a value of £3,852. The directors have not recorded the gain in the financial statements on the basis that it is not material to the accounts.

21 Related party disclosures

The company is a wholly owned subsidiary of Volumatic Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Volumatic Holdings Limited or other wholly owned subsidiaries within the group.

22 Ultimate parent company and parent undertaking of larger group

The largest and smallest group in which the results of the company are consolidated is that headed by Volumatic Holdings Limited, incorporated in United Kingdom. The consolidated accounts of this company are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.