

## **Volumatic Limited**

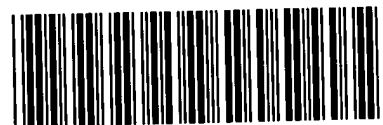
Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 01069143

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# **Volumatic Limited**

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## **Company Information**

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<b>Directors</b>	J W Harris M A Severs R S Stuart J M Summerfield C P Amos
<b>Company secretary</b>	C P Amos
<b>Registered number</b>	01069143
<b>Registered office</b>	Taurus House Endemere Road Coventry CV6 5PY
<b>Independent auditors</b>	BDO LLP Two Snowhill Birmingham B4 6GA

# **Volumatic Limited**

## **Directors' report For the year ended 31 March 2020**

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The directors present their report and the financial statements for the year ended 31 March 2020.

### **Principal activity**

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

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,640,680 (2019 - £1,370,263).

Dividends of £990,000 were paid during the year (2019 - £1,800,000). No further dividends are proposed.

### **Financial instruments**

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. Fixed assets and working capital are principally financed from retained profit and cash reserves.

The company is exposed to certain exchange rate risks as it sells and purchases in foreign currency. The company manages this risk by matching sales and purchases. Forward contracts are occasionally used to reduce the company's exposure although there were no open contracts at the current or previous year end.

### **Research and development activities**

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 who served during the year and up to the date of approval of these financial statements were:

J W Harris  
D M Johnson (resigned 2 September 2020)  
M A Severs (appointed 1 April 2019)  
R S Stuart  
J M Summerfield  
C P Amos

### **Funding and going concern**

The company currently operates without bank borrowing facilities and is entirely funded by cash flows generated from its trading activities.

For the period from April 2020 to January 2021 revenue has increased over the levels achieved in the corresponding period last year, with further growth forecast for the remainder of the current financial year.

The directors have prepared a detailed profit and cash flow forecast ("the forecast") for the period to 31 March 2022 ("the period") which shows the company's trading, financial position and cash flows for the period. Repayments under loan notes in Volumatic Holdings Limited (group holding company) are also funded by Volumatic Limited and the subject of cross guarantees provided by this company. The forecast shows that the entity will be able to operate and meet its external liabilities as they fall due and continue to provide funds to meet repayments under the loan notes due by the group holding company.

# Volumatic Limited

## Directors' report (continued) For the year ended 31 March 2020

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### Funding and going concern (*continued*)

In the preparation of the forecast and these financial statements the directors have considered the impact of Covid-19. Whilst it is difficult to assess the ongoing risk and impact on the company of the pandemic, the impacts to date have not been significant. However, there remains the risk that the current and any future lockdowns, either nationally or regionally, could impact revenues or the ability of the group to deliver the goods and services, with the inherent difficulty in forecasting in a period of such significant uncertainty.

In order to reflect these uncertainties, the directors have considered a range of sensitivities, which take into account all reasonably foreseeable events and circumstances, in assessing the group's ability to continue as a going concern. Given the uncertainties in forecasting in this period, the directors have also undertaken a reverse stress test to identify the loss of revenue that the company could withstand before the existing cash and facilities would be exhausted. In considering the levels to which revenue could fall to under the reverse stress test, the directors have also taken into consideration committed orders received, which exclude monthly maintenance contracts, and currently exceed the revenue levels identified in the reverse stress test.

After careful consideration of the above factors and other factors connected to the impact of Covid-19, the directors remain of the view that the cash flows generated from operations will be sufficient to enable the company to operate and to meet its liabilities as they fall due, including compliance with all covenants associated with the loan stock instruments. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

### Disclosure of Information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 19<sup>th</sup> March 2021 and signed on its behalf.

C P Amos  
Director



# **Volumatic Limited**

## **Directors' responsibilities statement For the year ended 31 March 2020**

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The directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 accounting 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;
- 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 to 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**

## **Independent auditors' report to the members of Volumatic Limited**

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### **Qualified opinion**

We have audited the financial statements of Volumatic Limited ("the Company") for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of 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, except for the possible effects of matters described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 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 qualified opinion**

Due to restrictions put into place by the UK Government in response to the Covid 19 pandemic, we were unable to observe the counting of physical inventory at the end of the year. We were also unable to satisfy ourselves by alternative means concerning the inventory quantities held as at 31 March 2020, which are included in the statement of financial position at £1,212,888, by using other audit procedures. Consequently we were unable to determine whether any adjustments to this amount was necessary. In addition, were any adjustment to the inventory balance to be required this would result in an adjustment to profit, and any reference to these figures in the directors report would also need to be amended.

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 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 qualified opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Volumatic Limited**

## **Independent auditors' report to the members of Volumatic Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £1,212,888 held at 31 March 2020. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

### **Opinions on other matters prescribed by the Companies Act 2006**

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

Except for the matter described in the basis for qualified opinion section of our report, 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 directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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;

- 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.

### **Responsibilities of directors**

As explained more fully in the directors report, 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.

# Volumatic Limited

## Independent auditors' report to the members of Volumatic Limited (continued)

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### 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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.



**Andrew Mair** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Birmingham  
United Kingdom

19 March 2021

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



# Volumatic Limited

## Statement of comprehensive income For the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	8,494,761	9,634,957
Cost of sales		(6,170,405)	(7,069,971)
<b>Gross profit</b>		<b>2,324,356</b>	<b>2,564,986</b>
Distribution costs		(52,091)	(51,651)
Administrative expenses		(777,224)	(871,732)
Exceptional administrative expenses	10	(224,676)	-
Exceptional other income	5	159,924	-
<b>EBITDA*</b>		<b>1,608,918</b>	<b>1,810,780</b>
Depreciation		(90,417)	(111,501)
Amortisation		(23,460)	(57,676)
<b>Operating profit</b>	6	<b>1,430,289</b>	<b>1,641,603</b>
Interest receivable and similar income		636	680
<b>Profit before taxation</b>		<b>1,430,925</b>	<b>1,642,283</b>
Tax on profit	9	209,755	(272,020)
<b>Profit after tax for the financial year</b>		<b>1,640,680</b>	<b>1,370,263</b>

\* Earnings before interest, tax, depreciation and amortisation. Excluding exceptional items.

All amounts relate to continuing activities.

There was no other comprehensive income for 2020 (2019:£Nil).

The notes on pages 10 to 24 form part of these financial statements.

**Volumatic Limited**  
Registered number:01069143

**Statement of financial position**  
**As at 31 March 2020**

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Intangible assets	11		41,753		54,013
Tangible fixed assets	12		169,152		662,926
			<u>210,905</u>		<u>716,939</u>
<b>Current assets</b>					
Stocks	13	1,212,888		1,089,880	
Debtors: amounts falling due within one year	14	6,008,036		5,489,797	
Cash at bank and in hand		2,220,137		1,772,345	
		<u>9,441,061</u>		<u>8,352,022</u>	
Creditors: amounts falling due within one year	15	(2,212,081)		(2,172,699)	
<b>Net current assets</b>			<u>7,228,980</u>		<u>6,179,323</u>
<b>Total assets less current liabilities</b>			<u>7,439,885</u>		<u>6,896,262</u>
<b>Provisions for liabilities</b>					
Deferred tax	16	(28,912)		(39,951)	
Other provisions	17	(98,155)		(194,173)	
			<u>(127,067)</u>		<u>(234,124)</u>
<b>Net assets</b>			<u><u>7,312,818</u></u>		<u><u>6,662,138</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		1,000		1,000
Profit and loss account	19		7,311,818		6,661,138
			<u><u>7,312,818</u></u>		<u><u>6,662,138</u></u>

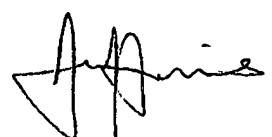
The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19<sup>th</sup> March 2021.

C P Amos  
Director



J W Harris  
Director



The notes on pages 10 to 24 form part of these financial statements.

## Volumatic Limited

### Statement of changes in equity For the year ended 31 March 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2019	1,000	6,661,138	6,662,138
<b>Comprehensive Income for the year</b>			
Profit for the year	-	1,640,680	1,640,680
<b>Total comprehensive income for the year</b>	-	1,640,680	1,640,680
<b>Contributions by and distributions to owners</b>			
Dividends paid (£990 per share)	-	(990,000)	(990,000)
<b>Total transactions with owners</b>	-	(990,000)	(990,000)
<b>At 31 March 2020</b>	<b>1,000</b>	<b>7,311,818</b>	<b>7,312,818</b>

### Statement of changes in equity For the year ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	1,000	7,090,875	7,091,875
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,370,263	1,370,263
<b>Total comprehensive income for the year</b>	-	1,370,263	1,370,263
<b>Contributions by and distributions to owners</b>			
Dividends paid (£2,000 per share)	-	(1,800,000)	(1,800,000)
<b>Total transactions with owners</b>	-	(1,800,000)	(1,800,000)
<b>At 31 March 2019</b>	<b>1,000</b>	<b>6,661,138</b>	<b>6,662,138</b>

The notes on pages 10 to 24 form part of these financial statements.

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

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### 1. General information

Volumatic Limited ("the company") is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the company's registered office and principal place of business is Taurus House, Endemere Road, Coventry, CV6 5PY. The nature of the company's principal activity is shown in the Directors' Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been consistently applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Volumatic Holdings Limited as at 31 March 2020 and these financial statements may be obtained from its registered office.

#### 2.3 Funding and going concern

The company currently operates without bank borrowing facilities and is entirely funded by cash flows generated from its trading activities.

For the period from April 2020 to January 2021 revenue has increased over the levels achieved in the corresponding period last year, with further growth forecast for the remainder of the current financial year.

The directors have prepared a detailed profit and cash flow forecast ("the forecast") for the period to 31 March 2022 ("the period"), which assume revenues broadly in line with what we are expecting to achieve for the year ending 31 March 2021 and which shows the company's trading, financial position and cash flows for the period. Repayments under loan notes in Volumatic Holdings Limited (group holding company) are also funded by Volumatic Limited and the subject of cross guarantees provided by this company. The forecast shows that the entity will be able to operate and meet its external liabilities as they fall due and continue to provide funds to meet repayments under the loan notes due by the group holding company.

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.3 Funding and going concern (continued)

In the preparation of the forecast and these financial statements the directors have considered the impact of Covid-19. Whilst it is difficult to assess the ongoing risk and impact on the company of the pandemic, the impacts to date have not been significant. However, there remains the risk that the current and any future lockdowns, either nationally or regionally, could impact revenues or the ability of the group to deliver the goods and services, with the inherent difficulty in forecasting in a period of such significant uncertainty.

In order to reflect these uncertainties, the directors have considered a range of sensitivities, which take into account all reasonably foreseeable events and circumstances, in assessing the group's ability to continue as a going concern. Given the uncertainties in forecasting in this period, the directors have also undertaken a reverse stress test to identify the loss of revenue that the company could withstand before the existing cash and facilities would be exhausted. In considering the levels to which revenue could fall to under the reverse stress test, the directors have also taken into consideration committed orders received, which exclude monthly maintenance contracts, and currently exceed the revenue levels identified in the reverse stress test.

After careful consideration of the above factors and other factors connected to the impact of Covid-19, the directors remain of the view that the cash flows generated from operations will be sufficient to enable the company to operate and to meet its liabilities as they fall due, including compliance with all covenants associated with the loan stock instruments. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

#### 2.4 Foreign currency

##### *Functional and presentational currencies*

The financial statements are presented in sterling which is also the functional currency of the company.

##### *Transactions and balances*

Transactions in currencies other than the functional currency (foreign currencies) are initially translated into sterling at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to the statement of comprehensive income, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### 2.5 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised when the company has transferred significant risk and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment. In respect of sales of goods this is when the goods are physically delivered to the customer. For turnover generated from maintenance and service equipment, turnover represents value of work completed in the year.

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.6 Leased assets

Annual rentals in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

#### 2.7 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

#### 2.8 Research and development

Expenditure on pure and applied research is charged to the statement of comprehensive income 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 statement of comprehensive income over the estimated economic life of three to five years.

#### 2.9 Pensions

Contributions to the company's defined contribution pension scheme are charged to the statement of comprehensive income in the year in which they become payable.

#### 2.10 Current and deferred taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.10 Current and deferred taxation (continued)

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

#### 2.12 Tangible fixed assets

Tangible fixed assets are initially recognised at cost and subsequently measured at cost net of accumulated depreciation. The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is provided to write the cost, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected lives.

Depreciation is provided on the following basis:

Freehold property	- 2%
Plant and machinery	- 10% to 33%

#### *Impairment of fixed assets*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit ("CGU") to which the asset has been allocated) is tested for impairment and impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

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### 2. Accounting policies (continued)

#### 2.13 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 and includes all direct costs, labour costs and any attributable overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

#### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with no significant risk of change in value.

#### 2.15 Provisions for liabilities

Provisions for warranties are recognised when the company; has a legal or constructive obligation as result of sales made in the year or proceeding years; it is probable that an outflow of resources will be required to settle the obligations; and the amount can be reliably estimated.

#### 2.16 Financial instruments

##### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

##### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

##### *Forward currency contracts*

Forward currency contracts are fair valued at each period end and the profit or loss recorded within the statement of comprehensive income in the period in which it relates to. An associated financial asset or financial liability is recorded on the statement of financial position.

#### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

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### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- *Capitalisation of research and development costs*

Reached a judgement as to whether the conditions are met for a viable project to capitalise costs as a development intangible assets. Factors taken into consideration in reaching such a decision include; whether a project is clearly defined and the 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 whether there is adequate resources for the project to be completed.

- *Going concern*

Determine whether it is appropriate to prepare the financial statements on a going concern basis: this determination is based on an assessment of the group's financial obligations over a period of not less than one year from the date of approval of the financial statements, the adequacy of future funds available and the expected future trading performance, including consideration of 'worst case' scenarios. Further detail on the directors' going concern assessment is set out in note 2.

Other key sources of estimation uncertainty:

- *Intangible assets and amortisation*

The company is required to estimate the useful economic life of intangible assets in order to determine appropriate amortisation rates. The assessment of the assets' useful economic life requires significant assumptions to be made. Changes in these underlying assumptions could have a significant impact on the carrying value of these assets.

- *Stock provisions*

Stock levels are constantly reviewed and should there be an indication of impairment or obsolescence, the inventory is written down to its assessed realisable value.

- *Overseas taxation liabilities*

The group is required to estimate tax liabilities in foreign jurisdictions to determine an appropriate tax liability. The assessment requires significant assumptions to be made. Changes in the underlying assumptions could have a significant impact on the liability recognised.

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

### 4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	6,700,612	8,134,115
Rest of Europe	674,951	635,532
Rest of the world	1,119,298	865,310
	<u>8,494,761</u>	<u>9,634,957</u>

### 5. Exceptional other income

	2020 £	2019 £
Profit on sale and lease back	<u>159,924</u>	<u>-</u>

The sale and lease back transaction as referred to in note 10 has been classified as an operating lease as such the profit on the transaction has been recognised in full at the time the transaction took place in the current year.

### 6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Research and development:		
- current year's expenditure	513,755	539,013
- amortisation of capitalised expenditure	23,459	57,676
Depreciation of tangible fixed assets	90,417	111,501
Hire of plant and machinery - operating leases	60,110	44,221
Fees payable for the audit of the company's annual accounts	20,500	16,000
Other non-audit services	4,050	10,300
Exchange differences	<u>10,362</u>	<u>290</u>

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

### 7. Employees

Staff costs (including directors) consists of:

The average number of employees (including directors) during the year was 40 (2019 - 36).

### 8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	534,851	395,935
Company contributions to money purchase pension scheme	40,304	39,256
Amounts paid to third parties in respect of directors' services	23,720	100,607
	<u>598,875</u>	<u>535,798</u>

The total amount payable to the highest director in respect of emoluments was £115,071 (2019 - £110,585). Company pension contributions of £7,397 (2019 - £10,793) were made to a money purchase scheme on their behalf.

### 9. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	43,383	283,650
Adjustments in respect of previous periods	(242,099)	(6,185)
<b>Total current tax</b>	<u>(198,716)</u>	<u>277,465</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(24,279)	(5,428)
Adjustment in respect of previous periods	7,641	(17)
Effect of tax rate change on opening balance	5,599	-
<b>Total deferred tax</b>	<u>(11,039)</u>	<u>(5,445)</u>
<b>Taxation (credit)/charge on profit</b>	<u>(209,755)</u>	<u>272,020</u>

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

### 9. Taxation (continued)

#### Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit before tax	<u>1,430,925</u>	<u>1,642,283</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	271,876	312,034
Effects of:		
Income and expenses not deductible for tax purposes	(52,219)	11,986
Adjustments to tax charge in respect of prior periods	(234,458)	(6,202)
Research, development and patent box tax credits and non-taxable income	(171,950)	-
Chargeable gains	3,738	-
Overseas tax expense	-	50,000
Group relief	(32,341)	(95,798)
Remeasurement of deferred tax for changes in tax rates	5,599	-
<b>Total tax (credit)/charge for the year</b>	<u><b>(209,755)</b></u>	<u><b>272,020</b></u>

The adjustments in respect of prior periods reflect the agreement of retrospective claims for relief under the Patent Box and Research and Development tax rules.

#### Factors that may affect future tax charges

The main rate of corporation tax in force at the Balance Sheet date was 19%. A resolution to retain the corporation tax rate from 1 April 2020 at 19% was passed on 17 March 2020, and is enacted from this date.

The deferred taxation liability has therefore been calculated at 19%, being the rate substantively enacted at the Balance Sheet date.

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

### 10. Exceptional items

	2020 £	2019 £
Legal fees	224,676	-

Legal fees were incurred around a dispute of royalty fees payable by Volumatic. This was awarded in the other party's favour as such Volumatic continue to pay royalty fees for goods purchased.

### 11. Intangible assets

	Development costs £
<b>Cost</b>	
At 1 April 2019	1,106,675
Additions	11,200
At 31 March 2020	1,117,875
<b>Amortisation</b>	
At 1 April 2019	1,052,662
Charge for the year	23,460
At 31 March 2020	1,076,122
<b>Net book value</b>	
At 31 March 2020	41,753
At 31 March 2019	54,013

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

### 12. Tangible fixed assets

	Freehold property £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 April 2019	515,729	2,141,245	2,656,974
Additions	-	110,173	110,173
Disposals	(515,729)	(326,856)	(842,585)
At 31 March 2020	-	1,924,562	1,924,562
<b>Depreciation</b>			
At 1 April 2019	98,438	1,895,610	1,994,048
Charge for the year	9,464	80,953	90,417
Disposals	(107,902)	(221,153)	(329,055)
At 31 March 2020	-	1,755,410	1,755,410
<b>Net book value</b>			
At 31 March 2020	-	169,152	169,152
At 31 March 2019	417,291	245,635	662,926

On 25 March 2020 the company entered into a sale and lease back arrangement in respect of its freehold property, Taurus House. A number of plant and machinery assets were also disposed of within this transaction. The lease back arrangement is for a period of 5 years to 24 March 2025 and has been treated as an operating lease. The lease term is not for the major part of the economic life of the asset, title does not transfer at the end of the lease term, at inception the present value of the minimum lease payments is less than the fair value of the leased asset. No buy back rights or obligations were entered into. As such this transaction has been recognised as an operating lease with profit recognised in the year refer note 5 exceptional items.

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

### 13. Stocks

	2020 £	2019 £
Raw materials and consumables	424,871	332,115
Finished goods and goods for resale	788,017	757,765
	<u>1,212,888</u>	<u>1,089,880</u>

There is no material difference between the replacement cost of stocks and the amounts stated above. Stock recognised in cost of sales as an expense during the year was £3,829,207 (2019 - £4,561,582).

Stocks are stated net of a provision of £91,652 (2019 - £159,294). There were no significant stock write downs in either the current or prior period.

### 14. Debtors

	2020 £	2019 £
Trade debtors	3,780,669	3,154,709
Amounts owed by group undertakings	2,017,122	2,134,162
Other debtors	55,529	69,556
Prepayments and accrued income	154,716	131,370
	<u>6,008,036</u>	<u>5,489,797</u>

All amounts shown under debtors fall due for payment within one year.

Debtors are stated net of a provision of £55,364 (2019 - £31,364). The impairment loss recognised in the statement of comprehensive income in respect of bad and doubtful trade debtors was £19,002 (2019 - £14,109).

### 15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,621,786	1,234,421
Corporation tax	81,075	277,796
Other taxation and social security	353,493	506,835
Other creditors	66,468	67,934
Accruals and deferred income	89,259	85,713
	<u>2,212,081</u>	<u>2,172,699</u>

# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

### 16. Deferred taxation

	2020 £
At 1 April 2019	39,951
Charged to profit or loss	11,039
<b>At 31 March 2020</b>	<b>28,912</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	32,306	46,666
Short term timing differences	(3,394)	(6,715)
	<b>28,912</b>	<b>39,951</b>

### 17. Provisions

	Warranty provision £
At 1 April 2019	194,173
Charged to profit or loss	22,097
Utilised in year	(118,115)
<b>At 31 March 2020</b>	<b>98,155</b>

Warranty provisions are expected to be utilised in line with warranty terms over either one or two years.



# Volumatic Limited

## Notes to the financial statements For the year ended 31 March 2020

### 18. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
900 Ordinary shares shares of £1 each	900	900
100 Deferred Preference shares shares of £1 each	100	100
	<u>1,000</u>	<u>1,000</u>

The preference shares are presented as equity in the statement of financial position as the shares are non-convertible, irredeemable and there is no obligation to pay dividends.

### 19. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid.

### 20. Pension commitments

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 cost charge represents contributions payable by the company to the fund and amounted to £103,766 (2019 - £97,527). Contributions totalling £17,862 (2019 - £14,196) were payable to the fund at the reporting date and are included in creditors.

### 21. Commitments under operating leases

At 31 March 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	128,546	36,938
Later than 1 year and not later than 5 years	326,954	6,069
	<u>455,500</u>	<u>43,007</u>

# **Volumatic Limited**

## **Notes to the financial statements For the year ended 31 March 2020**

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### **22. Financial commitments**

The company has entered into a guarantee arrangement secured by a debenture over the assets of the company in respect of the loans issued to its parent entity. The value of the loan notes secured at the year end date is £2,135,791 (2019 - £2,669,590).

### **23. Related party transactions**

The company is a wholly owned subsidiary of Volumatic Holdings Limited and has taken the exemption under FRS 102 Section 33.1A Related party disclosures not to disclose transactions with wholly owned group members.

Key management personnel include all directors of the company. The total compensation paid in respect of key management personnel for services rendered to the company was £649,082 (2019 - £576,619).

### **24. Controlling party**

The largest and smallest group in which the results of the company are consolidated is that headed by Volumatic Holdings Limited, incorporated in the 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.