

SCOMAC CATERING EQUIPMENT LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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SCOMAC CATERING EQUIPMENT LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015**

Directors:	A M Imlah Mrs M Imlah M A J Street I P Munro S Shepherd
Secretary:	M A J Street
Registered office:	Unitech House Prospect Road Burntwood Staffordshire WS7 0AL
Registered number:	02841935 (England and Wales)
Senior statutory auditor:	Malcolm H J Willcox FCCA
Auditors:	Malcolm Willcox & Co <i>Chartered Certified Accountants and Statutory Auditors</i> 39 George Road Edgbaston Birmingham B15 1PL
Solicitors:	Gateley Plc 111 Edmund Street Birmingham B3 2HJ

SCOMAC CATERING EQUIPMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report for the year ended 31 December 2015.

Review of the business

Principal activities

The company's principal activities are the design, bespoke manufacture, distribution and maintenance of commercial catering equipment.

Result and performance

The profit for the year after tax was £337,708 (2014: £25,573), as set out on page 5.

Trading conditions were difficult, but turnover and margins showed slight increases compared with the previous year.

The statement of financial position on page 6 shows that the company was in a sound financial state at the year end.

The company faces the same risks and uncertainties as its competitors of similar size and complexity. However, the directors have an optimistic view of the future, and they will endeavour to maintain the company's performance level by responding to changes in the market and actively looking for new business opportunities.

Key performance indicators

	<u>2015</u>	<u>2014</u>
Turnover	£ 14,327,482	£ 13,589,264
Turnover increase/(decrease)	5%	(5%)
Gross profit margin	26%	25%

Principal risks and uncertainties

The principal risks and uncertainties facing the company are:

- Cost of raw materials – the company has a limited ability to pass on to customers current significant increases in commodity prices.
- Competition – the company is constantly subject to pressure on prices from its competitors, and without cost control and investment in new products, there is a risk that profitability could be reduced.
- The economy – the company's sales are influenced by the state of the economy, particularly the demand for capital equipment, which creates a risk of uncertain demand for its products.
- Product acceptance – there is a need for the company to refresh and innovate so that its products appeal to the current market, otherwise there is a risk that sales and profitability could decline.
- Financial instruments – the company is exposed to a variety of financial risks at varying degrees, including the effects of changes in interest rates, foreign exchange rates, liquidity and credit risk relating to trade debtors and creditors.

On behalf of the board



A M IMLAH
Director

26th August 2016

SCOMAC CATERING EQUIPMENT LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

Directors

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

A M Imlah
Mrs M Imlah
M A J Street
I P Munro
S Shepherd

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to disclosure of information to auditors

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

On behalf of the Board



A M IMLAH
Director

26th August 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCOMAC CATERING EQUIPMENT LIMITED

We have audited the financial statements of ScoMac Catering Equipment Limited for the year ended 31 December 2015 on pages 5 to 14. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2015 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.

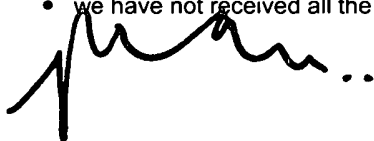
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Malcolm H J Willcox FCCA
Senior Statutory Auditor
for and on behalf of Malcolm Willcox & Co
Chartered Certified Accountants and Statutory Auditors
39 George Road
Edgbaston
Birmingham
B15 1PL

30th August 2016

SCOMAC CATERING EQUIPMENT LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 £	2014 £
TURNOVER	5	14,327,482	13,589,264
Direct expenses		<u>10,667,328</u>	<u>10,138,365</u>
GROSS PROFIT		3,660,154	3,450,899
Operating expenses		<u>3,201,849</u>	<u>3,192,375</u>
OPERATING PROFIT	7	458,305	258,524
Interest receivable and similar income		<u>-</u>	<u>1,819</u>
		458,305	260,343
Exceptional item	8	<u>-</u>	<u>166,127</u>
		458,305	94,216
Interest payable and similar charges	9	<u>30,384</u>	<u>22,932</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		427,921	71,284
Tax on profit on ordinary activities	10	<u>90,213</u>	<u>45,711</u>
PROFIT FOR THE YEAR		337,708	25,573
RETAINED PROFITS			
At 1 January 2015		<u>523,621</u>	<u>798,048</u>
		861,329	823,621
DIVIDENDS PAID	11	<u>-</u>	<u>(300,000)</u>
RETAINED PROFITS CARRIED FORWARD		<u>861,329</u>	<u>523,621</u>

All activities are derived from continuing operations.

SCOMAC CATERING EQUIPMENT LIMITED

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015**

	Notes	£	2015	£	£	2014	£
FIXED ASSETS							
Tangible assets	12			448,843			476,529
Investment in subsidiary	13			<u>1</u>			<u>1</u>
				448,844			476,530
CURRENT ASSETS							
Stocks	14		238,898			399,161	
Debtors	15		2,792,278			2,727,045	
Cash at bank and in hand			<u>307,645</u>			<u>2,556</u>	
			3,338,821			3,128,762	
CREDITORS							
Amounts falling due within one year	16		<u>2,818,697</u>			<u>2,937,728</u>	
NET CURRENT ASSETS				<u>520,124</u>			<u>191,034</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				968,968			667,564
CREDITORS							
Amounts falling due after more than one year	17			(96,533)			(135,637)
PROVISIONS FOR LIABILITIES	21			<u>(11,000)</u>			<u>(8,200)</u>
NET ASSETS				<u>861,435</u>			<u>523,727</u>
CAPITAL AND RESERVES							
Called up share capital	22			106			106
Profit and loss account				<u>861,329</u>			<u>523,621</u>
SHAREHOLDERS' FUNDS				<u>861,435</u>			<u>523,727</u>

The financial statements were approved by the Board of Directors on 26th August 2016 and were signed on its behalf by:


A M IMLAH
Director


M A J STREET
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

The company is a private limited company registered in England and Wales, and its registered office is:

Unitech House
Prospect Road
Burntwood
Staffordshire
WS7 0AL

The company's principal activities are the design, bespoke manufacture, distribution and maintenance of commercial catering equipment.

2. BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company is part of a group, and therefore it has taken advantage of the disclosure exemption not to prepare a statement of cash flows as permitted by FRS 102.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The financial statements contain information about ScoMac Catering Equipment Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Unitech Industries Limited, a company incorporated in England and Wales.

4. PRINCIPAL ACCOUNTING POLICIES

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax, and includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point when the customer takes delivery of the goods.

Turnover from the rendering of services is recognised when they are performed, and the outcome can be reliably estimated.

Tangible fixed assets

Tangible fixed assets are depreciated on net book values at the following annual rates apart from those of low cost which are charged to revenue in the year of purchase.

Plant and equipment	-	20% to 50%
Motor vehicles	-	25%

Stocks

Raw materials, consumables and work in progress are valued at the lower of cost and net realisable value.

Deferred tax

This is provided, using the liability method, at the current rate of corporation tax to take account of the potential tax liability arising from the timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

SCOMAC CATERING EQUIPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

4. PRINCIPAL ACCOUNTING POLICIES - continued

Hire purchase and leasing

Tangible fixed assets financed by leasing agreements that give rights approximating to ownership ("finance leases") are capitalised, and outstanding lease instalments are shown under creditors. Depreciation on such assets, which is calculated on the above basis, and the interest element of the leasing payments are charged to revenue.

Operating leases

Rentals payable under operating leases are charged to revenue on a straight-line basis over the lease term.

Pension costs

The company operates defined contribution schemes for the benefit of all employees eligible to participate. Contributions are charged annually to revenue and the assets of the pension schemes are invested externally and managed by insurance companies.

Grants

Grants relating to revenue expenditure are credited to the profit and loss account in the year of receipt.

SCOMAC CATERING EQUIPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. TURNOVER

Turnover taxation is attributable to the principal activities of the company.

An analysis of turnover by geographical market is given below:

	31.12.15 £	31.12.14 £
United Kingdom	14,181,582	13,589,264
West Indies	145,900	-
	<u>14,327,482</u>	<u>13,589,264</u>

6. STAFF COSTS

	31.12.15 £	31.12.14 £
Wages and salaries	2,937,979	3,127,688
Social security costs	288,048	297,174
Other pension costs	65,509	42,737
	<u>3,291,536</u>	<u>3,467,599</u>

The average monthly number of employees during the year was as follows:

	31.12.15	31.12.14
Production	72	80
Sales and distribution	19	23
Administration and design	13	19
	<u>104</u>	<u>122</u>

Directors' remuneration	125,301	134,450
Directors' pension contributions to money purchase schemes	<u>10,750</u>	<u>9,875</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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7. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.15 £	31.12.14 £
Equipment leasing charges	20,861	21,950
Depreciation	140,811	147,733
Loss on disposal of fixed assets	18,668	13,621
Auditors remuneration	<u>23,000</u>	<u>22,400</u>

8. EXCEPTIONAL ITEM

	31.12.15 £	31.12.14 £
Provision for subsidiary company debt	<u>-</u>	<u>166,127</u>

SCOMAC CATERING EQUIPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.15	31.12.14
	£	£
Bank interest	3,053	4,817
Other interest	8,888	-
Interest payable on corporation tax	-	519
Hire purchase interest	<u>18,443</u>	<u>17,596</u>
	<u>30,384</u>	<u>22,932</u>

10. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year represents:

	31.12.15	31.12.14
	£	£
Current tax:		
UK corporation tax	77,185	12,745
Group relief received	<u>10,228</u>	<u>37,966</u>
Total current tax	87,413	50,711
Deferred tax	<u>2,800</u>	<u>(5,000)</u>
Tax on profit on ordinary activities	<u>90,213</u>	<u>45,711</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK, and the difference is explained below:

	31.12.15	31.12.14
	£	£
Profit on ordinary activities before tax	<u>427,921</u>	<u>71,284</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 20%)	85,584	14,257
Effects of:		
Expenses not deductible for tax purposes	2,394	33,961
Capital allowances in excess of depreciation	(1,505)	-
Depreciation in excess of capital allowances	-	1,974
Changes in rate of tax	940	519
Deferred tax	<u>2,800</u>	<u>(5,000)</u>
Total tax charge	<u>90,213</u>	<u>45,711</u>

11. DIVIDENDS

	31.12.15	31.12.14
	£	£
Dividends paid on equity shares	<u>-</u>	<u>300,000</u>

SCOMAC CATERING EQUIPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. TANGIBLE ASSETS

	Plant and machinery £	Office and computer equipment £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2015	403,972	56,184	757,845	-	1,218,001
Additions	-	3,096	145,448	-	148,544
Disposals	-	-	(171,190)	-	(171,190)
Transfer to ownership	-	-	-	1,350	1,350
At 31 December 2015	<u>403,972</u>	<u>59,280</u>	<u>732,103</u>	<u>1,350</u>	<u>1,196,705</u>
DEPRECIATION					
At 1 January 2015	219,947	52,577	468,948	-	741,472
Charge for year	37,728	3,353	99,730	-	140,811
Eliminated on disposal	-	-	(135,771)	-	(135,771)
Transfer to ownership	-	-	-	1,350	1,350
At 31 December 2015	<u>257,675</u>	<u>55,930</u>	<u>432,907</u>	<u>1,350</u>	<u>747,862</u>
NET BOOK VALUE					
At 31 December 2015	<u>146,297</u>	<u>3,350</u>	<u>299,196</u>	<u>-</u>	<u>448,843</u>
At 31 December 2014	<u>184,025</u>	<u>3,607</u>	<u>288,897</u>	<u>-</u>	<u>476,529</u>

Tangible fixed assets with a net book value of £286,053 are secured on hire purchase contracts, and the depreciation charged on these assets for the year was £90,916.

13. INVESTMENT IN SUBSIDIARY

This represents the cost of the whole of the issued share capital of ScoMac Express Limited which is incorporated in England.

The aggregate capital and deficit on reserves at 31 December 2015 totalled £660,448.

The company ceased to trade in 2014.

14. STOCKS

	31.12.15 £	31.12.14 £
Raw materials and consumables	141,450	214,334
Work-in-progress	<u>97,448</u>	<u>184,827</u>
	<u>238,898</u>	<u>399,161</u>

15. DEBTORS: amounts falling due within one year

	31.12.15 £	31.12.14 £
Trade debtors	2,726,225	2,643,573
Amounts owed by group undertakings	-	2,008
Other debtors	-	1,810
Prepayments	<u>66,053</u>	<u>79,654</u>
	<u>2,792,278</u>	<u>2,727,045</u>

SCOMAC CATERING EQUIPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

16. CREDITORS: amounts falling due within one year

	31.12.15	31.12.14
	£	£
Bank overdraft (see note 18)	-	228,025
Hire purchase contracts (see note 19)	136,974	115,753
Trade creditors	1,731,611	1,849,128
Amounts owed to group undertakings	142,125	-
Corporation tax	77,185	66,992
Tax and social security	61,463	142,081
Value added tax	431,111	348,149
Other creditors and accrued expenses	124,909	81,817
Deferred income	113,319	105,783
	<u>2,818,697</u>	<u>2,937,728</u>

17. CREDITORS: amounts falling due after more than one year

	31.12.15	31.12.14
	£	£
Hire purchase contracts (see note 19)	<u>96,533</u>	<u>135,637</u>

18. BANK BORROWING

An analysis of the maturity of bank borrowing is given below:

	31.12.15	31.12.14
	£	£
Amounts falling due within one year or on demand:		
Bank overdraft	<u>-</u>	<u>228,025</u>

19. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31.12.15	31.12.14
	£	£
Gross obligations repayable:		
Within one year	147,667	128,503
Between 1 and 5 years	<u>99,943</u>	<u>142,832</u>
	<u>247,610</u>	<u>271,335</u>
Finance charges repayable:		
Within one year	10,693	12,750
Between 1 and 5 years	<u>3,410</u>	<u>7,195</u>
	<u>14,103</u>	<u>19,945</u>
Net obligations repayable:		
Within one year	136,974	115,753
Between 1 and 5 years	<u>96,533</u>	<u>135,637</u>
	<u>233,507</u>	<u>251,390</u>

SCOMAC CATERING EQUIPMENT LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015****20. SECURED DEBTS**

The following secured debt was included within creditors:

	31.12.15 £	31.12.14 £
Bank overdraft	<u>-</u>	<u>228,025</u>

Bank borrowings are secured by a fixed and floating charge over all the company's assets in favour of National Westminster Bank Plc.

21. PROVISIONS FOR LIABILITIES

	31.12.15 £	31.12.14 £
Deferred tax	<u>11,000</u>	<u>8,200</u>

		Deferred tax £
Balance at 1 January 2015		8,200
Charge for the year		<u>2,800</u>
Balance at 31 December 2015		<u>11,000</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.15 £	31.12.14 £
1,059	Ordinary	£0.10	<u>106</u>	<u>106</u>

23. PENSION COMMITMENTS

The company operates defined contribution schemes for the benefit of all employees eligible to participate. Contributions are charged annually to revenue and for the year these amounted to £65,509 (2014 - £42,737).

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company is Unitech Industries Limited, a company registered in England and Wales.

25. RELATED PARTY DISCLOSURES

Related party transactions during the year were:

Unitech Industries Limited (parent company)

Rent, management and asset rental charges paid amounting to £294,000.

Unitech Engineering Ltd (fellow subsidiary company)

Management charges paid of £21,600 and purchases of £7,262.

SCOMAC CATERING EQUIPMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

25. RELATED PARTY DISCLOSURES - continued

Corsair Engineering Limited (fellow subsidiary company)

Purchases of £76,137.

Corsair Wholesale Limited (fellow subsidiary company)

Purchases of £166,172 and sales of £6,100.

Stellex Manufacturing Ltd (fellow subsidiary company)

Purchases of £379,447.

A M Imlah (director)

Property rental charges paid of £9,600.

I P Munro (director)

Property rental charges paid of £9,600.

26. TRANSITION TO FRS102

The company transitioned to FRS102 from the previously extant UK GAAP on 1 January 2014, and as a result the accounts for the year ended 31 December 2015 represent the first accounts prepared under FRS102. There were no significant changes in accounting policy applicable to the entity identified, and no impact on the prior year amounts as a result of the transition to FRS102.