

Company Registration No. 03015615 (England and Wales)

**VIKOMA INTERNATIONAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**



# VIKOMA INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mrs K Lucas	(Appointed 10 July 2015)
	Mr P Rayner	(Appointed 22 July 2015)
	Mr P Herbert	(Appointed 10 July 2015)
	Mr M Wheeler	(Appointed 22 July 2015)

<b>Company number</b>	03015615
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<b>Registered office</b>	Kingston Works Kingston Road East Cowes Isle of Wight PO32 6JS
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<b>Auditor</b>	Moore Stephens (South) LLP The French Quarter 114 High Street Southampton SO14 2AA
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# VIKOMA INTERNATIONAL LIMITED

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# **VIKOMA INTERNATIONAL LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present the strategic report for the year ended 31 March 2016.

### **Fair review of the business**

#### *Products*

Founded by British Petroleum in 1967, Vikoma International Limited ("Vikoma") is a world leader in the design and manufacture of oil and chemical pollution control systems. With nearly 50 years established within the market our leading position continues to be supported by a highly knowledgeable and experienced team.

#### *Review of the year and outlook*

Vikoma is once again trading normally and has reported a significant recovery in sales and a return to profitability at EBITDA during the year.

Prior to 10th July 2015 Vikoma was a subsidiary of Energy Environmental Limited ("EEL"). As a result of trading difficulties of EEL and its other subsidiary, Vikoma was starved of working capital and was not able to trade normally.

On 10th July 2015, Vikoma was acquired by Agon Holdings Four Limited, a newly formed holding company partially owned by the executive management team supported by private equity funds managed by Agathos Management LLP. Agathos made a working capital facility available which has allowed the new management team to rapidly revive the company and restore working capital levels to normal. Supplier payments have been normalised, investment has been made in urgently needed new product development and the international network of agents and distributors re-engaged and strengthened. Financial reporting and controls have been significantly improved and strengthened.

# **VIKOMA INTERNATIONAL LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

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### **Principal risks and uncertainties**

#### *Market and credit risk*

The company generates the majority of sales from international companies engaged in the production, processing and transport of oil. It is [not directly] exposed to the exploration segment but the sharp oil price falls since late 2014 have impacted on customer confidence and spend levels. Since the MBO, the Directors have re-established new product development and a number of new products are being launched. In addition, opportunities to apply the company's technical skills in adjacent industrial markets are being explored to reduce dependence on that market.

The Directors carefully appraise credit risk at the tender stage of each major opportunity and seek to structure progress payments and delivery schedules to manage credit risk.

#### *Foreign exchange rates*

The company operates from a manufacturing facility in the UK and almost all turnover is exported. Although there is a natural hedge of currency risk through sourcing from certain suppliers in foreign currency, the company has net foreign currency denominated receivables. The financial constraints of the parent group meant that it was not possible to hedge foreign currency receivables in the year. Since the year end the Directors have begun to review appropriate hedging arrangements and continue to carefully monitor the strength of sterling relative to key trading currencies: movements in the current financial year have been favourable.

#### *Supply risk*

Failure to pay suppliers to terms led to restricted supply of trade credit during the year. New facilities have enabled payment terms to be normalised since the year end. Creditor Days Outstanding is now reported and monitored on a regular basis

#### *Liquidity risk*

New working capital facilities provided as part of the MBO in July 2015 have been drawn down to enable normal working capital levels to be restored. This followed a period of insufficient working capital as a result of the financial constraints of its former parent company. The Directors monitor short term working capital needs very carefully and believe this and the ongoing support of a strong principal equity investor mean this risk is well managed.

### **Company performance**

#### *Profitability*

Turnover in the year was £7.227m (2015: £5.861m), an increase of 23% which reflected the significant investment in working capital following the change of ownership in July 2015. This has been achieved despite the continued impact of low global oil prices and its impact on the company's traditional customer base. Gross margin increased to 43% (2014: 39.2%) reflecting cost savings and operational efficiencies as a result of a reorganisation.

Operating profit for the year before exceptional items was £751k (2015: loss £1.853m). Exceptional costs of £546k in the year represent consideration for release from the company's obligations under a cross company guarantee for bank indebtedness of its former parent group. The payment enabled the cross guarantee to be released so that the company could raise a new debt facility to fund the turnaround in performance that has been achieved in the year. Exceptional costs in 2015 were provisions against intra-group loans made to members of the former parent group. Operating profit for the year was £0.205m (2015: loss £2.068m).

The Directors believe the best measure of the operational performance of the company is Earnings Before Interest, Tax, Depreciation and Exceptional items ("EBITDAE") as set out in the table on the next page:

# VIKOMA INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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Year to 31st March	2016 £'000	2015 £'000
Turnover	7,227	5,861
Operating result before exceptional items	751	(1,853)
Depreciation	436	472
Previous ownership management charge	30	731
EBITDAE	1,217	(650)
EBITDAE margin	16.84%	(11.10)%

The healthy EBITDAE margin in 2016 contrasts sharply with the negative margin achieved in 2015 and demonstrates a good business turnaround even though the first half of the year continued to be affected by the legacy of working capital starvation under previous ownership.

Net finance costs were £206k (2015: £5k). The tax charge for the year was £1,331 (2015: credit £163,036 reflected the partial release of the provision made for 2014 following purchase of group relief from EEL Group companies agreed following the MBO at a significant discount) and the company has trading tax losses carried forward of £518k (2015: £1,431k) which will offset future taxable profits.

The retained loss of £2k (2015: £1.910m) was transferred to reserves.

### Cash flow

Cash flow absorbed by operations was an outflow of £1,348k (2015: outflow £648k) reflecting a net increase of working capital of £1,976k (2015: net reduction of £738k)

After capital expenditure and lease payments the net inflow for the year was £518k (2015: outflow £779k)

### Net assets

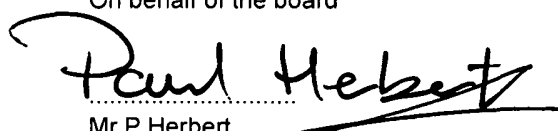
A significant improvement in the net current assets position following the working capital investment during the year. Total assets less current liabilities increased during the year to £2,221k (2015: 219k)

Net assets at 31st March 2016 were £217k (2015: £219k). At the same date, the company had net current assets of £1,404k (2015: liabilities £945k).

A deferred tax asset of £103k (2015: 306k) in respect of tax losses carried forward and £46k (2015: 53k) in respect of decelerated capital allowances are not recognised.

The new working capital facility injected as part of the MBO financing has allowed working capital levels to normalise and the company to operate with normal levels of net current assets.

On behalf of the board

  
Mr P Herbert  
Director  
21/7/16

# VIKOMA INTERNATIONAL LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their annual report and financial statements for the year ended 31 March 2016.

### Directors

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

Mr P Scholes	(Resigned 10 July 2015)
Mr R Rooney	(Resigned 10 July 2015)
Mrs K Lucas	(Appointed 10 July 2015)
Mr P Rayner	(Appointed 22 July 2015)
Mr P Herbert	(Appointed 10 July 2015)
Mr A Pearson	(Appointed 22 July 2015 and resigned 30 June 2016)
Mr M Wheeler	(Appointed 22 July 2015)

### Results and dividends

The results for the year are set out on page 8 and are narrated in the Strategic report set out on page 1-4.

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

### Auditor

In accordance with the company's articles, a resolution proposing that Moore Stephens (South) LLP be reappointed as auditor of the company will be put at a General Meeting.

### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the principal activity, future developments, research and development activities, financial risk management and exposure to risks.

### Statement of disclosure to auditor

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

On behalf of the board



Mr P Herbert

Director

21/7/16...

# **VIKOMA INTERNATIONAL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2016***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



# **VIKOMA INTERNATIONAL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF VIKOMA INTERNATIONAL LIMITED**

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We have audited the financial statements of Vikoma International Limited for the year ended 31 March 2016 set out on pages 8 to 32. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 annual report 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 March 2016 and of its loss 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# VIKOMA INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF VIKOMA INTERNATIONAL LIMITED

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#### 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.



Mrs Louise Hastings (Senior Statutory Auditor)  
for and on behalf of Moore Stephens (South) LLP

3/8/16

Chartered Accountants  
Statutory Auditor

The French Quarter  
114 High Street  
Southampton  
SO14 2AA

# VIKOMA INTERNATIONAL LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Revenue	2	7,227,058	5,861,209
Cost of sales		(4,107,871)	(3,562,018)
<b>Gross profit</b>		<b>3,119,187</b>	<b>2,299,191</b>
Administrative expenses		(2,842,965)	(4,152,007)
Other operating income		475,000	-
Operating result before exceptional item		751,222	(1,852,816)
Exceptional administrative expenses	3	(545,712)	(214,710)
<b>Operating profit/(loss)</b>	<b>4</b>	<b>205,510</b>	<b>(2,067,526)</b>
Investment income	7	6,656	1,753
Finance costs	8	(212,590)	(7,252)
<b>Loss before taxation</b>		<b>(424)</b>	<b>(2,073,025)</b>
Taxation	9	(1,331)	163,036
<b>Loss for the financial year</b>	<b>23</b>	<b>(1,755)</b>	<b>(1,909,989)</b>
<b>Total comprehensive income for the year</b>		<b>(1,755)</b>	<b>(1,909,989)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# VIKOMA INTERNATIONAL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2016*

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	2016 £	2015 £
Loss for the year	(1,755)	(1,909,989)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,755)</u>	<u>(1,909,989)</u>

# VIKOMA INTERNATIONAL LIMITED

## STATEMENT OF FINANCIAL POSITION

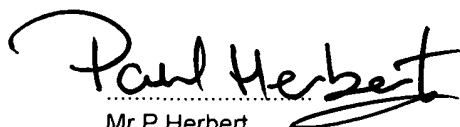
AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Assets</b>					
<b>Fixed assets</b>					
Intangible assets	10		149,575		87,800
Property, plant and equipment	11		667,622		1,076,152
			<u>817,197</u>		<u>1,163,952</u>
<b>Current assets</b>					
Inventories	14	532,375		911,634	
Trade and other receivables	15	2,451,832		832,212	
Cash at bank and in hand		361,212		-	
			<u>3,345,419</u>		<u>1,743,846</u>
<b>Total assets</b>			<u><u>4,162,616</u></u>		<u><u>2,907,798</u></u>
<b>Liabilities</b>					
<b>Equity</b>					
Called up share capital	22		1,000		1,975,431
Share premium account	23		-		1,218,542
Capital redemption reserve	23		-		400,000
Retained earnings	23		216,432		(3,374,786)
<b>Total equity</b>			<u>217,432</u>		<u>219,187</u>
<b>Current liabilities</b>	16		1,941,696		2,688,611
<b>Non-current liabilities</b>	18		2,003,488		-
<b>Total liabilities</b>			<u><u>4,162,616</u></u>		<u><u>2,907,798</u></u>

The financial statements were approved by the board of directors and authorised for issue on 21/7/16 and are signed on its behalf by:



Mrs K Lucas  
Director



Mr P Herbert  
Director

Company Registration No. 03015615

# VIKOMA INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total £
<b>Balance at 1 April 2014</b>		1,975,431	1,218,542	400,000	(1,464,797)	2,129,176
<b>Period ended 31 March 2015:</b>						
Loss and total comprehensive income for the year		-	-	-	(1,909,989)	(1,909,989)
<b>Balance at 31 March 2015</b>		1,975,431	1,218,542	400,000	(3,374,786)	219,187
<b>Period ended 31 March 2016:</b>						
Loss and total comprehensive income for the year		-	-	-	(1,755)	(1,755)
Capital reduction	23 & 24	(1,974,431)	(1,218,542)	(400,000)	3,592,973	-
<b>Balance at 31 March 2016</b>		1,000	-	-	216,432	217,432

# VIKOMA INTERNATIONAL LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	29	(1,347,903)		(647,622)	
Interest paid		(94,300)		(7,252)	
Income taxes paid		(9,375)		(1,177)	
<b>Net cash outflow from operating activities</b>		<b>(1,451,578)</b>		<b>(656,051)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(61,775)		(87,800)	
Purchase of property, plant and equipment		(27,432)		(25,456)	
Interest received		6,656		1,753	
<b>Net cash used in investing activities</b>		<b>(82,551)</b>		<b>(111,503)</b>	
<b>Financing activities</b>					
Proceeds from borrowings		1,817,129		-	
Proceeds of new bank loans		250,000		-	
Payment of finance leases obligations		(6,291)		(24,824)	
<b>Net cash generated from/(used in) financing activities</b>		<b>2,060,838</b>		<b>(24,824)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>526,709</b>		<b>(792,378)</b>	
Cash and cash equivalents at beginning of year		(157,254)		621,829	
Effect of foreign exchange rates		(8,243)		13,295	
<b>Cash and cash equivalents at end of year</b>		<b>361,212</b>		<b>(157,254)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		361,212		-	
Bank overdrafts included in creditors payable within one year		-		(157,254)	

# **VIKOMA INTERNATIONAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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### **1 Accounting policies**

#### **Company information**

Vikoma International Limited is a company limited by shares incorporated in England and Wales. The registered office is Kingston Works, Kingston Road, East Cowes, Isle of Wight, PO32 6JS.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

These financial statements for the year ended 31 March 2016 are the first financial statements of Vikoma International Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company is the parent undertaking of a medium group and as such is required by the Companies Act 2006 to prepare group accounts. However as all of the subsidiary undertakings are either dormant, inactive or not material to the group as a whole these financial statements present information about the company as an individual entity and not about its group.

All of the subsidiary undertakings are either dormant, inactive or not material and so group accounts would not be prepared even if it was a medium size group.

This year the company has adopted an alternative format to the balance sheet on the basis that it is the preferred option of statement of the majority shareholders in the holding company.

#### **1.2 Going concern**

The directors have prepared projected cash flow information for the period ending 12 months from the date of signing these accounts. On the basis of this cash flow, the directors consider that the company will continue to operate. The company has now returned to profitable trading and all outstanding liabilities have now been paid up to date, with the help of a loan facility from a fellow group undertaking. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from the company not being a going concern.

#### **1.3 Revenue**

Turnover comprises the value of goods completed and despatched or awaiting collection by customers and accrued income on long term contracts, net of VAT.

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



# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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

Patents	Over three years once the asset is completed
Development Costs	Over three years once the asset is completed

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land and buildings Leasehold	Over the lease term
Plant and machinery	1-10 years
Fixtures, fittings & equipment	4-10 years
Motor vehicles	3 years

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

#### 1.6 Impairment of non-current assets

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

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

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

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

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

#### 1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Bank interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

#### 1.9 Cash and cash equivalents

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

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

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

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

#### **Other financial liabilities**

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

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

#### **Derecognition of financial liabilities**

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

#### **1.11 Equity instruments**

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

#### **1.12 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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.

#### **1.13 Taxation**

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

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### **Current tax**

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

#### **Deferred tax**

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

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

#### **1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

#### **1.15 Retirement benefits**

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

#### **1.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

### 2 Revenue

An analysis of the company's revenue is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Contract revenue on construction contracts	<u>7,227,058</u>	<u>5,861,209</u>
<b>Other significant revenue</b>		
Interest income	6,656	1,753
Grants received	<u>475,000</u>	<u>-</u>
<b>Revenue analysed by geographical market</b>		
	2016 £	2015 £
UK and Europe	354,033	967,245
Rest of the World	<u>6,873,025</u>	<u>4,893,964</u>
	<u>7,227,058</u>	<u>5,861,209</u>

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 3 Exceptional costs

	2016 £	2015 £
Exceptional Administrative expenses	545,712	214,710

The current year exceptional item relates to exceptional costs of £545,712 in the year represent consideration for release from the company's obligations under a cross company guarantee for bank indebtedness (including professional costs) of its former parent group. The payment enabled the cross guarantee to be released so that the company could raise a new debt facility to fund the turnaround in performance that has been achieved in the year

The comparative year exceptional item relates to a provision against intercompany balances receivable from the former parent company and fellow subsidiaries.

### 4 Operating profit/(loss)

	2016 £	2015 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(59,867)	27,666
Government grants	(475,000)	-
Fees payable to the company's auditors for the audit of the company's financial statements	9,000	9,000
Depreciation of owned property, plant and equipment	435,962	466,872
Depreciation of property, plant and equipment held under finance leases	-	5,070
Loss on disposal of property, plant and equipment	-	8,208
Cost of inventories recognised as an expense	3,247,263	2,569,175
Operating lease charges	65,200	129,907
Management charge - previous owners	29,171	730,524
Management charge,- current owners	52,258	-
Research and development costs	260,945	214,710

### 5 Employees

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

	2016 Number	2015 Number
Production	43	54
Administration	8	10
Sales and Distribution	9	12
	60	76

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,910,974	2,480,782
Social security costs	176,967	233,469
Pension costs	131,936	98,048
	<u>2,219,877</u>	<u>2,812,299</u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	287,414	4,072
Company pension contributions to defined contribution schemes	40,338	-
	<u>327,752</u>	<u>4,072</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2015 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	90,787	-
Company pension contributions to defined contribution schemes	16,771	-
	<u>107,558</u>	<u>-</u>

### 7 Investment income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	6,656	1,753
	<u>6,656</u>	<u>1,753</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	6,656	1,753
	<u>6,656</u>	<u>1,753</u>



# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 8 Finance costs

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	10,185	7,252
Interest payable to fellow group undertakings	157,363	-
	<u>167,548</u>	<u>7,252</u>
<b>Other finance costs:</b>		
Finance costs for financial instruments measured at fair value through profit or loss	23,296	-
Finance costs regarding loans from fellow group undertakings	21,746	-
	<u>212,590</u>	<u>7,252</u>

### 9 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,331	-
Adjustment for loss relief	-	(233,176)
Payment in respect of group relief	-	50,000
Total current tax	<u>1,331</u>	<u>(183,176)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	20,140
Total tax charge	<u>1,331</u>	<u>(163,036)</u>

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 9 Taxation

(Continued)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2016 £	2015 £
Loss before taxation	(424)	(2,073,025)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	(85)	(435,335)
Tax effect of expenses that are not deductible in determining taxable profit	111,400	50,143
Tax effect of adjustment for loss relief	(182,562)	(233,176)
Unutilised tax losses carried forward	-	300,587
Purchase of group relief	-	50,000
Excess depreciation against capital allowances	72,578	84,605
Deferred tax	-	20,140
Tax expense for the year	1,331	(163,036)

### 10 Intangible fixed assets

	Patents £	Development Costs £	Total £
<b>Cost</b>			
At 1 April 2015	-	87,800	87,800
Additions - internally developed	-	51,775	51,775
Additions - separately acquired	10,000	-	10,000
At 31 March 2016	10,000	139,575	149,575
<b>Amortisation and impairment</b>			
At 1 April 2015 and 31 March 2016	-	-	-
<b>Carrying amount</b>			
At 31 March 2016	10,000	139,575	149,575
At 31 March 2015	-	87,800	87,800

Development costs relate to the continuing development of boom technology. Amortisation over the three years which the company expects to benefit will commence upon their completion.

The total carrying value of intangible assets have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 11 Property, plant and equipment

	Land and buildings Leasehold	Plant and machinery	Fixtures, Motor vehicles fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2015	3,266,981	755,019	406,602	4,431,601
Additions	5,776	21,656	-	27,432
Disposals	-	(46,356)	(63,344)	(109,700)
At 31 March 2016	3,272,757	730,319	343,258	4,349,333
<b>Depreciation and impairment</b>				
At 1 April 2015	2,308,312	668,050	376,754	3,355,449
Depreciation charged in the year	398,964	23,087	13,245	435,962
Eliminated in respect of disposals	-	(46,356)	(63,344)	(109,700)
At 31 March 2016	2,707,276	644,781	326,655	3,681,711
<b>Carrying amount</b>				
At 31 March 2016	565,481	85,538	16,603	667,622
At 31 March 2015	958,669	86,969	29,848	1,076,152

The carrying value of land and buildings comprises:

	2016 £	2015 £
Short leasehold	565,481	958,669

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Fixtures, fittings & equipment	-	12,028
Depreciation charge for the year in respect of leased assets	-	5,070

The total carrying amount of tangible fixed assets have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 12 Fixed asset investments

		2016 £	2015 £
Investments in subsidiaries	28	-	-

### Movements in non-current investments

		Shares in group undertakings £
<b>Cost or valuation</b>		
At 1 April 2015 & 31 March 2016		430,112
<b>Impairment</b>		430,112
At 1 April 2015 & 31 March 2016		
<b>Carrying amount</b>		
At 31 March 2016		-
At 31 March 2015		-

### 13 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,676,124	562,111
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities	23,296	-
Measured at amortised cost	3,508,605	1,345,969

The company entered into foreign currency contracts to mitigate the exchange risk for certain foreign currency debtors. These have been valued at fair value using quoted forward exchange rates.

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 14 Inventories

	2016 £	2015 £
Raw materials and consumables	330,849	386,848
Work in progress	32,169	200,209
Finished goods and goods for resale	169,357	324,577
	<u>532,375</u>	<u>911,634</u>

An impairment loss reduction of £9,517 (2015 - £4,626) was credited in cost of sales to reflect the movement of the slow moving and obsolete stock.

The total carrying amount of inventories is pledged as security for liabilities.

### 15 Trade and other receivables

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade receivables	1,594,576	559,606
Gross amounts due from contract customers	475,553	-
Other receivables	154,760	142,984
Prepayments and accrued income	226,943	129,622
	<u>2,451,832</u>	<u>832,212</u>

The debtors are pledged as security for liabilities under a floating charge.

### 16 Current liabilities

	Notes	2016 £	2015 £
Bank loans and overdrafts	19	93,750	157,254
Obligations under finance leases	17	-	6,291
Other borrowings	19	43,139	-
Payments received on account		319,515	1,083,142
Trade payables		890,919	796,751
Corporation tax		41,956	50,000
Other taxation and social security		51,820	209,500
Derivative financial instruments		23,296	-
Other payables		155,886	164,797
Accruals and deferred income		321,415	220,876
		<u>1,941,696</u>	<u>2,688,611</u>

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 17 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	-	6,291

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 18 Non-current liabilities

	Notes	2016 £	2015 £
Bank loans and overdrafts	19	156,250	-
Other borrowings	19	1,847,238	-
		2,003,488	-

### 19 Borrowings

	2016 £	2015 £
Bank loans	250,000	-
Bank overdrafts	-	157,254
Loans from group undertakings	1,890,377	-
	2,140,377	157,254
Payable within one year	136,889	157,254
Payable after one year	2,003,488	-

Bank loans include a new loan drawn down in July 2015 of £250,000, however capital repayments will not commence until July 2016. The loan bears interest at the aggregate rate of the margin (3%) and LIBOR. The loan is repayable over 3 years from the draw down date. The bank loan is secured by a fixed and floating charge over the assets of the company.

Loans from fellow group company includes a new loan drawn down in July 2015 and October 2015. The loan bears interest at 12% and includes accrued interest of £73,000. The maturity date is September 2018. This loan is secured by a fixed and floating charge over the assets of the company.

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 20 Deferred taxation

As at 31 March 2016 the amount of unused trading tax losses carried forward was £518,513 (2015 - £1,431,365) and unused capital tax losses carried forward was £545,712 (2015 - £0).

Deferred tax is not recognised in respect of tax losses of £103,702 (2015 - 305,986) and in respect of decelerated capital allowances of £45,847 (2015 - £53,062) as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

### 21 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £92,997 (2015 - £98,048). Contributions of £23,862 (2015: £20,721) were due as at 31 March 2016.

### 22 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
10,000 Ordinary shares of 10p each	1,000	1,975,431

The company has one class of Ordinary share. The holders of the ordinary shares are entitled to the right to receive notice of, attend to and vote at all general meetings of the Company. They are also entitled to receive dividends at the discretion of the Company and to participate in the distribution of assets on winding up in accordance with the Articles. The shares are not redeemable

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

#### Reconciliation of movements during the year:

	Ordinary shares Number
At 1 April 2015	19,754,310
Reduction of share capital via solvency statement	(19,744,310)
At 31 March 2016	10,000

During the year the company has reduced its share capital in accordance with the solvency statement procedure under section 642 of the Companies Act 2006.

### 23 Reserves

#### Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. During the year the company has reduced its share premium account to zero in accordance with the solvency statement procedure under section 642 of the Companies Act 2006.

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 23 Reserves

(Continued)

#### Capital redemption reserve

During the year the company has reduced its capital redemption reserve to zero in accordance with the solvency statement procedure under section 642 of the Companies Act 2006.

#### Retained earnings

Includes all current and prior period retained profits and losses. It also includes the effect of the reduction of capital which was completed in the year ended 31 March 2016.

### 24 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	166,275	187,044
Between one and five years	8,976	175,251
	<u>175,251</u>	<u>362,295</u>

### 25 Financial commitments, guarantees and contingent liabilities

The company has contingent liabilities in respect of bank bonds of £101,403 (2015 - £153,850) arising from goods exported in the normal course of trade. These are secured by a fixed and floating charge against the company's assets.

### 26 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	<u>584,651</u>	<u>518,524</u>



# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 26 Related party transactions

(Continued)

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Loan received	
	2016 £	2015 £
Other related parties	1,885,712	-
	<u>1,885,712</u>	<u>-</u>

	Management charge in the year		Interest charge in the year	
	2016 £	2015 £	2016 £	2015 £
Entities with control, joint control or significant influence over the company	52,258	-	-	-
Other related parties	<u>-</u>	<u>-</u>	<u>157,363</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016 £	2015 £
Other related parties	<u>1,890,377</u>	<u>-</u>

The amount owed to other related party relates to a loan from a fellow group undertaking, see note 19 for further details.

No guarantees have been given or received.

### 27 Controlling party

Up until July 2015 the company's immediate parent company was Energy Environmental Limited, a company registered in Scotland, and the company's ultimate parent company and controlling party was Energy Environmental Technologies Limited, a company registered in Scotland. Following the sale of the company in July 2015, Energy Environmental Limited went into administration on 30 July 2015 and as a result no group accounts are available for the year.

On 10 July 2015, Agon Holdings Four Limited (a company registered in England & Wales) became the immediate parent undertaking. Agon Holdings Four Limited is controlled by Agathos Fund One LP, a private equity fund which does not have a single controlling investor.

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 28 Subsidiaries

These financial statements are separate company financial statements for Vikoma International Limited.

All of the subsidiary undertakings are dormant or inactive and immaterial to the group.

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Vikoma Holding Limited UK	Dormant	Ordinary shares	100.00	
Hoyle Marine Limited UK	Dormant	Ordinary shares	100.00	
Bohus UK Limited UK	Dormant	Ordinary shares	100.00	
Vikoma Oil Pollution and Environmental Equipment Trading (Shanghai) Limited China	Provision of oil spill equipment in China	Ordinary shares	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Vikoma Holding Limited	-	-
Hoyle Marine Limited	-	-
Bohus UK Limited	-	-
Vikoma Oil Pollution and Environmental Equipment Trading (Shanghai) Limited	-	(53,861)

The investment in subsidiaries are all stated at cost, with an impairment provision where necessary.

On the 26 April 2016 Vikoma Holding Limited and Bohus UK Limited were dissolved and struck off.

# VIKOMA INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 29 Cash generated from operations

	2016 £	2015 £
Loss for the year after tax	(1,755)	(1,909,989)
<b>Adjustments for:</b>		
Taxation charged/(credited)	1,331	(163,036)
Finance costs	190,844	7,252
Investment income	(6,656)	(1,753)
(Gain)/loss on disposal of property, plant and equipment	-	8,208
Depreciation and impairment of property, plant and equipment	435,962	471,941
Foreign exchange loss/(gains) on cash equivalents	8,243	(13,295)
Provision of amounts owed to group companies	-	214,710
<b>Movements in working capital:</b>		
Decrease/(increase) in inventories	379,259	(29,489)
(Increase)/decrease in trade and other receivables	(1,619,620)	1,464,325
(Decrease) in trade and other payables	(735,511)	(696,496)
<b>Cash absorbed by operations</b>	<u>(1,347,903)</u>	<u>(647,622)</u>