Registered number: 03915586

GTS (EUROPE) LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2021

GTS (EUROPE) LIMITED
REGISTERED NUMBER: 03915586

BALANCE SHEET
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	5		**2**		2
Tangible assets	6		**78,827**		62,723
Investments	7		**46,788**		46,788
			125,617		109,513
Current assets					
Stocks		**152,360**		169,459	
Debtors: amounts falling due within one year	8	**1,122,448**		1,351,616	
Bank and cash balances		**184,512**		66,835	
		1,459,320		1,587,910	
Creditors: amounts falling due within one year	9	**(935,075)**		(1,164,909)	
Net current assets			**524,245**		423,001
Total assets less current liabilities			**649,862**		532,514
Creditors: amounts falling due after more than one year	10		**(253,880)**		(51,951)
Net assets			**395,982**		480,563
Capital and reserves					
Called up share capital			**2,000**		2,000
Revaluation reserve			**5,120**		5,120
Profit and loss account			**388,862**		473,443
			395,982		480,563

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2021

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with 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 by:

D E Williams
Director

Date: 23 December 2021

The notes on pages 3 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

GTS (Europe) Limited is a private company, limited by shares, registered in England and Wales. The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

The Company's registered is Victoria Court, 17-21 Ashford Road, Maidstone, Kent, England, ME14 5DA.

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 Section 1A of 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 applied:

2.2 Going concern

The financial statements of the company have been prepared as a going concern.

The company meets its day to day working capital requirements through an overdraft and other loan facilities which are repayable on demand.

The director, having forecast the potential trading position for the current year, considers that the company will continue to operate within the facilities currently agreed. However, the margin of facilities over requirements can vary considerably over time, and inherently there can be no certainty in relation to these matters.

On this basis, the director considers it appropriate to prepare the financial statements on the going concern basis. In reaching this decision, the director has considered relevant information, financial forecasts and the impact of subsequent events. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations- both operationally and financially. In response the director has performed an analysis of forecast future cash flows taking into account the impact of possible future scenarios arising from the impact of COVID-19. The Company took advantage of financial assistance made available by the Government. The Company has also developed ways of on-line, remote working including on-line engineering assessments for customers.The company is also adapting by developing new potential overseas markets and ventures.

The financial statements do not include any adjustments that would result from a withdrawal of the working capital facilities and trade credit currently available to the company.

The realisation of the directors loan account (notes 7 and 14) will ultimately be dependant on the future profitability of the company. The directors loan account is accounted for as a basic financial instrument under FRS102 and is considered to repayable on demand.

2. Accounting policies (continued)

2.3 Foreign currencies

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

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the majority of the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership (other than installation) nor effective control over the goods sold (other than transit and shipping);
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 R&D

Research and development costs incurred in connection with the design and building of own packaging and printing machines are included in profit and loss. Research and Development tax relief eligible on design and building costs is recognised once the claim has been prepared for submission to HM Revenue & Customs.

2. Accounting policies (continued)

2.6 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Income and Retained Earnings over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	33%	on cost and 15% on cost
Motor vehicles	-	25%	on cost
Fixtures and fittings	-	25%	on cost and 15% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2. Accounting policies (continued)

2.19 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.20 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 insignificant risk of change in value.

2.21 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.22 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Payment includes credit to loan accounts. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

No significant judgements have been made by management in preparing these financial statements.

4. Employees

The average monthly number of employees, including directors, during the year was 9 (2020 - 9).

5. Intangible assets

	Goodwill
	£
Cost	
At 1 April 2020	**2**
At 31 March 2021	**2**
Net book value	
At 31 March 2021	**2**
At 31 March 2020	2

6. Tangible fixed assets

	Long-term leasehold property	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2020	7,398	30,288	174,249	69,830	281,765
Additions	-	-	41,097	8,008	49,105
Disposals	-	-	(59,841)	-	(59,841)
At 31 March 2021	7,398	30,288	155,505	77,838	271,029
Depreciation					
At 1 April 2020	7,398	29,950	120,617	61,077	219,042
Charge for the year on owned assets	-	56	30,055	2,890	33,001
Disposals	-	-	(59,841)	-	(59,841)
At 31 March 2021	7,398	30,006	90,831	63,967	192,202
Net book value					
At 31 March 2021	-	282	64,674	13,871	78,827
At 31 March 2020	-	338	53,632	8,753	62,723

The net book value of land and buildings may be further analysed as follows:

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021	2020
	£	£
Motor vehicles	46,822	53,632
	46,822	53,632

Cost or valuation at 31 March 2021 is as follows:

	Plant and machinery £
At cost	**22,974**
At valuation in 2009	**7,314**
	30,288

If the plant and machinery had not been included at valuation they would have been included under the historical cost convention as follows:

	2021 £	2020 £
Cost	**22,974**	22,974
Accumulated depreciation	**(22,692)**	(22,636)
Net book value	**282**	338

Plant and Machinery was valued on an open market basis on 31 March 2009 by the director.

7. Fixed asset investments

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 April 2020	**250**	**46,538**	**46,788**
At 31 March 2021	**250**	**46,538**	**46,788**
Net book value			
At 31 March 2021	**250**	**46,538**	**46,788**
At 31 March 2020	250	46,538	46,788

8. Debtors

	2021	2020
	£	£
Trade debtors	**363,265**	365,570
Other debtors	**743,250**	974,856
Prepayments and accrued income	**15,933**	11,190
	1,122,448	1,351,616

Other debtors includes the following amounts which will be realised over a period of greater than 12 months from the Balance Sheet date:

(a) the directors loan account (note 17) of £517,080 which, although repayable on demand, is likely to be realised over more than one year;

(b) tax paid by the company amounting to £221,010 under s455 in respect of the directors loan account – this is recoverable over approximately the same period as the realisation of the loan;

9. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank overdrafts	**59,817**	92,544
Other loans	**-**	252,176
Trade creditors	**599,360**	585,957
Corporation tax	**121,020**	30,492
Other taxation and social security	**37,016**	104,412
Obligations under finance lease and hire purchase contracts	**52,081**	18,608
Other creditors	**11,196**	14,799
Accruals and deferred income	**54,585**	65,921
	935,075	1,164,909

10. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	**230,000**	-
Net obligations under finance leases and hire purchase contracts	**23,880**	51,951
	253,880	51,951

Bank loan totaling £230,000 was received under the terms of the Coronavirus Business Interruption Loan Scheme. Repayment starts May 2022 and the loan is repayable over 5 years.

The following liabilities were secured:

	2021	2020
	£	£
Bank overdraft	**59,960**	87,743
Hire purchase contracts	**75,961**	70,559
	135,921	158,302

Details of security provided:

The Company's bank borrowings are secured by way of a debenture registered on 2 October 2007 in favour of National Westminster Bank Plc and by a personal guarantee by the director.

Obligations under finance leases and hire purchase agreements are secured against the assets of which the contracts relate to.

Obligations under other loans are supported by a personal guarantee provided by the director.

11. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Other loans	-	252,176
	-	252,176
Amounts falling due 1-2 years		
Bank loans	46,000	-
Amounts falling due 2-5 years		
Bank loans	184,000	-
	230,000	252,176

12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	54,989	18,608
Between 1-5 years	26,319	51,951
	81,308	70,559

13. Contingent liabilities

The Company has made the following investments in LLPs:

	2021	2020
	£	£
Braunlager Developments LLP	**21,538**	21,538
S.I. R&D LLP	**25,000**	25,000
	46,538	46,538

The Company is liable to contribute to the assets of S.I. R&D LLP in the event of its winding -up before 31 March 2022. The maximum projected liability in relation to this undertaking has been advised to the Company as being £148,930. The Company does not believe that winding up is probable and consequently has not made provision for the liability at 31 March 2021.

After these investments were made, the Company availed itself of its share of the LLPs respective trading losses for relief against its own profits. These were worth in the region of £65,000. The Company has subsequently been advised that HMRC is enquiring into the relevant tax returns of these LLPs. Should the tax relief claimed by the Company be subsequently disallowed, a sum of approximately £80,000 (including estimated interest) would become payable. The Company does not believe that such an assertion by HMRC is valid and consequently no provision has been made I the accounts for either (a) the potential tax and interest payable or (b) any diminution in the value of the investments listed above (which are also included in note 7).

14. Pension commitments

The Company operates a defined contributions 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 £22,700 (2020 - £20,939) . Contributions totalling £3,153 (2020 - £1,958) were payable to the fund at the balance sheet date and are included in creditors.

15. Finance lease commitments

At the balance sheet date, the Company had future commitments under finance leases and hire purchase contracts in relation to motor vehicles acquired in this year and prior years. The Company's future minimum lease payments due under these cotnracts is disclosed in note 12.

16. Commitments under operating leases

The Company operates an operating commitment in regard to its occupation of Units 6B & 6C, Arnolds Business Park, East Peckham, TN12 5LG. The agreement is continuous and the Company is currently charged £25,200 per annum.

17. Transactions with director

	2021	2020
	£	£
Balance outstanding at start of year	**646,870**	673,983
Amounts advanced	**445,930**	338,197
Amounts repaid	**(575,720)**	(365,310)
Balance oustanding at end of year	**517,080**	646,870

Amounts repaid include dividends declared 9 March 2021 of £320,000 and £150,000 declared 21 December 2020.

18. Post balance sheet events

The following events have occurred after 31st March 2021:

(i) In April 2021 the Company acquired a 90% holding in GTS America LLC, incorporated in Delaware, USA. The cost of the investment was £7,000. This is part of the Company's expansion into new markets.

(ii) In order to fund such expansion, in May 2021 the Company took a further CBILS loan of £225,000 on similar terms as the loan described in note 10.

(iii) On 31 July 2021 a share for share exchange agreement was completed in order for the company to become a wholly-owned subsidiary of a new parent company, GTS Holdings (Worldwide) Limited, a company incorporated and resident in the UK. Mr D Williams remains the sole controlling interest. In due course, arrangements will be made for GTS America LLC to be directly owned by the parent company.