

**Vohkus Limited**

**Annual report and consolidated  
financial statements**

**Registered number 4142508**

**30 June 2019**



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## Strategic Report

The directors present their strategic report and their financial statements for the thirteen months ended 30 June 2019 ("FY19").

### Principle Activities

Vohkus Group ("Vohkus")'s principal activity remains that of IT solutions and services provision focusing on the UK medium sized corporate market.

Vohkus Limited elected to change its Accounting Reference Date to June and during this thirteen month period increased turnover by £21.2m to finish with FY19 turnover of £105.2m. This was an increase over FY18 of 16% (when adjusted for the thirteen month accounting period in FY19), and originated from additional sales headcount and improved output per head, and wins with existing and new customers.

	FY16	FY17	FY18	FY19*
<b>Period Ended</b>				
<b>Turnover (£m)</b>	64.4	67.1	84.0	105.2
<b>Year on Year* Growth</b>	5%	4%	25%	16%

\*thirteen month period and consolidated in FY19, twelve month period and standalone for Vohkus Limited in all other years, FY19 YoY growth% reduced pro-rata

Vohkus has increased its headcount by 4% (increase by 4% in FY18). The majority of the increase was in the sales team.

Profit before tax improved from £550k to £764k. An increase in the gross margin was offset by higher overheads with increases in areas such as facility costs, travel and subsistence and professional fees, largely attributable to the establishment of overseas subsidiaries. The increase in profitability, together with further award of share options in the period, also resulted in a higher Enterprise Management Incentive Plan charge (included in Administrative Expenses) of £254k in FY19 (FY18 - £114k).

During the period Vohkus formed two wholly owned subsidiary entities. Vohkus Technologies SRL was formed on 20<sup>th</sup> June 2018 and is registered in Romania. Vohkus Private Limited was formed on 12<sup>th</sup> November 2018 and is registered in Singapore. The principle activity of Vohkus Technologies SRL in FY19 was the provision of IT and Administrative Services to Vohkus Group companies. Vohkus Private Limited's activity in FY19 was limited and comprised general business development. Both businesses will become key to Vohkus' continued growth in international territories.

During the period (in May-19) Vohkus acquired 100% of the share capital of E-Plenish Limited, a fellow IT solutions and services provider based in Hampshire, England, which recorded Turnover of £820k and Profit before tax of £46k for its financial year ended 28th February 2019.

Vohkus Limited however remains the principal trading company of Vohkus.

### Key performance indicators

The key performance indicators of Vohkus are turnover growth as reported above and gross margin percentage. Vohkus has a medium term aim to improve its gross margin through a move towards contracted service income and the sale of specialised technologies. However, during FY19 gross margin reduced from 19.2% to 18.1% as Turnover growth in FY19 was achieved principally from growth in hardware and software.

## Strategic Report (continued)

### Principle risks and uncertainties

Vohkus has continued to attract new customers in all business sectors and this customer base ensures there is no dependency either on one individual customer or on a single sector.

Vohkus has maintained the growth in its overseas activities and continues to have in place appropriate safeguards to minimise exchange risk through the natural hedging of receipts and payments. Vohkus however anticipates increased usage of forward exchange contracts to further minimise risk in FY20.

Whilst the level of credit insurance available in the economy remains generally low, the majority of Vohkus' turnover remained insured and the directors are pleased to report that the level of bad debts were again negligible.

Vohkus Limited has a large range of suppliers with whom it enjoys healthy trading relationships. Vohkus Limited continues to focus on its policy of continuously benchmarking its supply chain to secure more favourable terms with key trade partners. In particular, Vohkus enjoys early settlement discount terms with a select number of key partners; and utilises these terms when the opportunities to do so are available.

Vohkus established subsidiaries in Romania and Singapore in FY19. Vohkus has engaged professional advisors in these locations to ensure compliance in accounting, tax and other relevant areas.

To support the greater level of business, Vohkus Limited has obtained a new Commercial Finance facility from HSBC Bank plc since the period end, replacing the facility previously held with Lloyds Bank plc. This facility allows Vohkus Limited to borrow up to 80% (previously – 80%) of the value of the notified approved trade debts, subject to the facility limit of £15.0m (previously – £10.0m). The facility can be terminated by either party after giving 6 months' notice (subject to a 24 month minimum term) or by the bank immediately at any time following a standard termination event.

Vohkus is taking a proactive approach to the impact of the UK having left the EU and is making plans for all foreseeable outcomes at the end of the transitionary period. Vohkus has been monitoring guidance provided by the Government and other advisory organisations and is in ongoing dialogue with its supply chain partners.

By order of the board



U K Sharma  
Director

Centurion House  
Barnes Wallis Road  
Segeřsworth  
Hampshire  
PO15 5TT

5 March 2020

## **Directors' report**

### **Research and development**

With Vohkus Limited being an ISO 9001:2008 accredited organisation the company places great importance on business controls and to this end it is always looking to improve its controls and processes. Expenditure is therefore incurred in the development of its ERP system and our Services Delivery platforms and their connectivity to other in-house and third party systems to make the company more efficient and to enhance its business controls.

### **Dividends**

Dividends declared and paid by the company during the period comprise a dividend of £500,000 / £15.15 per share in respect of the period ended 30 June 2019 (year ended 31 May 2018: £nil).

### **Directors**

The directors who held office during the period were as follows;

U Sharma  
F O'Leary  
L Lawrence  
L Förster  
I Hounscome  
I Davis  
S Brand  
D Hooker (resigned 7<sup>th</sup> January 2019)

### **Employees**

Vohkus aims to keep all its employees involved in and aware of the Group's activities and performance.

In June 2016, Vohkus Limited introduced an Enterprise Management Incentive Plan that granted share options to nearly half of the company's workforce. The purpose of the Plan was to more closely align the interests of employees with those of the shareholders. In March 2019 a second tranche of options were granted to both new and existing employees.

It is Vohkus' policy to give full and fair consideration to applications for suitable employment by disabled persons having regard to their individual aptitudes and abilities.

### **Political contributions**

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure in respect of the period ended 30 June 2019 (year ended 31 May 2018: none).

## **Directors' report (continued)**

### **Going concern**

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The directors have assessed the Company's ability to continue in operational existence for the foreseeable future in accordance with the Financial Reporting Council's Guidance on the going concern basis of accounting.

The Company has prepared forecasts and projections which reflect the expected trading performance of the Company on the basis of best estimates of management using current knowledge and expectations of trading performance.

The going concern basis preparation is therefore considered to be appropriate in preparing these financial statements.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on page 3.

By order of the board



J S Davis  
Company Secretary

Centurion House  
Barnes Wallis Road  
Segensworth  
Hampshire  
PO15 5TT

5 March 2020

## **Statement of directors' responsibilities in respect of the annual report and the consolidated financial statements**

The directors are responsible for preparing the Annual Report and the consolidated 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time, the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Vohkus Limited**

### **Opinion**

We have audited the financial statements of Vohkus Limited ("the company") for the 13 month period ended 30 June 2019 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's profit for the 13 month period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of all assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting, is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

## **Independent auditor's report to the members of Vohkus Limited (continued)**

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **Independent auditor's report to the members of Vohkus Limited (continued)**

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

*W. Smith*

**William Smith (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

KPMG LLP, Gateway House, Tollgate, Chandlers Ford, SO53 3TG

06 March 2020

**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the 13 month period ended 30 June 2019 (2018 – 12 months)*

	Note	2019 £	2018 £
Turnover	3	105,193,138	84,037,324
Cost of sales		(86,102,644)	(67,933,325)
<b>Gross profit</b>		<b>19,090,494</b>	<b>16,103,999</b>
Administrative expenses	4	(17,883,835)	(15,337,238)
Other operating income		601	1,114
<b>Group operating profit prior to share based payments</b>		<b>1,207,260</b>	<b>767,875</b>
Share based payments	19	(254,471)	(114,255)
<b>Group operating profit</b>		<b>952,789</b>	<b>653,620</b>
Other interest receivable and similar income		9,334	410
Interest payable and similar expenses	7	(198,184)	(103,914)
<b>Profit before taxation</b>		<b>763,939</b>	<b>550,116</b>
Tax on profit	8	(217,796)	(149,690)
<b>Profit for the financial period</b>		<b>546,143</b>	<b>400,426</b>
<b>Other comprehensive income</b>			
Foreign exchange differences on translation of foreign operations		4,662	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>4,662</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>550,805</b>	<b>400,426</b>
<b>Period, net of income tax</b>			

All amounts relate to continuing activities.

All comprehensive income is attributable to the shareholders of Vohkus Limited.

The accompanying notes form part of these financial statements.

**Consolidated Balance Sheet**  
*at 30 June 2019*

	Note	2019 £	2018 £
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Goodwill	2,9	572,557	-
Development costs	9	151,947	-
<b>Tangible assets</b>	10	510,300	595,458
		<u>1,234,804</u>	<u>595,458</u>
<b>Current assets</b>			
Stocks	12	1,350,209	2,454,271
Debtors: amounts falling due within one year	13	18,097,495	18,673,057
Cash at bank and in hand	14	549,751	302,254
		<u>19,997,455</u>	<u>21,429,582</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(18,279,008)</u>	<u>(18,846,910)</u>
<b>Net current assets</b>		<u>1,718,447</u>	<u>2,582,672</u>
<b>Debtors: amounts falling due after more than one year</b>	13	413,000	-
<b>Total assets less current liabilities</b>		<u>3,366,251</u>	<u>3,178,130</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(99,230)</u>	<u>(232,446)</u>
<b>Provisions for liabilities</b>			
Deferred tax liability	18	<u>(57,797)</u>	<u>(41,736)</u>
		<u>(157,027)</u>	<u>(274,182)</u>
<b>Net assets</b>		<u>3,209,224</u>	<u>2,903,948</u>
<b>Capital and reserves</b>			
Called up share capital	20	33,000	34,292
Capital redemption reserve		17,000	15,708
Translation reserve		4,662	-
Profit and loss account		3,154,562	2,853,948
<b>Shareholders' funds</b>		<u>3,209,224</u>	<u>2,903,948</u>

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of directors on 5 March 2020 and were signed on its behalf by:

  
U K Sharma  
Director

Company registered number: 4142508

**Company Balance Sheet**  
*at 30 June 2019*

	Note	2019 £	2018 £
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Development costs	9	151,947	-
<b>Tangible assets</b>	10	484,063	595,458
<b>Investments</b>	11	720,113	-
		<u>1,356,123</u>	<u>595,458</u>
<b>Current assets</b>			
Stocks	12	1,350,209	2,454,271
Debtors: amounts falling due within one year	13	17,987,731	18,673,057
Cash at bank and in hand		458,390	302,254
		<u>19,796,330</u>	<u>21,429,582</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(18,457,215)</u>	<u>(18,846,910)</u>
<b>Net current assets</b>		<u>1,339,115</u>	<u>2,582,672</u>
<b>Debtors: amounts falling due after more than one year</b>	13	817,062	-
		<u>3,512,300</u>	<u>3,178,130</u>
<b>Total assets less current liabilities</b>		<u>3,512,300</u>	<u>3,178,130</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(99,230)	(232,446)
<b>Provisions for liabilities</b>			
Deferred tax liability	18	(57,797)	(41,736)
		<u>(157,027)</u>	<u>(274,182)</u>
<b>Net assets</b>		<u>3,355,273</u>	<u>2,903,948</u>
<b>Capital and reserves</b>			
Called up share capital	20	33,000	34,292
Capital redemption reserve		17,000	15,708
Profit and loss account		3,305,273	2,853,948
<b>Shareholders' funds</b>		<u>3,355,273</u>	<u>2,903,948</u>

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of directors on 5 March 2020 and were signed on its behalf by:

  
U.K. Sharma  
Director

Company registered number: 4142508

## Consolidated Statement of Changes in Equity

	Called up share capital	Capital redemption reserve	Translation reserve	Profit and loss account	Total equity
	£	£	£	£	£
Balance at 1 June 2017	34,938	15,062	-	2,339,267	2,389,267
<b>Total comprehensive income for the year ended 31 May 2018</b>					
Profit or loss	-	-	-	400,426	400,426
<b>Total comprehensive income for the year ended 31 May 2018</b>	-	-	-	400,426	400,426
Transactions with owners, recorded directly in equity					
Own shares acquired	(646)	646	-	-	-
Equity-settled share based payment transactions	-	-	-	114,255	114,255
<b>Total contributions by and distributions to owners</b>	(646)	646	-	114,255	114,255
<b>Balance at 31 May 2018</b>	<b>34,292</b>	<b>15,708</b>	<b>-</b>	<b>2,853,948</b>	<b>2,903,948</b>
<b>Total comprehensive income for the 13 month period ended 30 June 2019</b>					
Profit or loss	-	-	-	546,143	546,143
Other comprehensive income	-	-	4,662	-	4,662
<b>Total comprehensive income for the 13 month period ended 30 June 2019</b>	-	-	4,662	546,143	550,805
Transactions with owners, recorded directly in equity					
Own shares acquired	(1,292)	1,292	-	-	-
Equity-settled share based payment transactions	-	-	-	254,471	254,471
Dividends	-	-	-	(500,000)	(500,000)
<b>Total contributions by and distributions to owners</b>	(1,292)	1,292	-	(245,529)	(245,529)
<b>Balance at 30 June 2019</b>	<b>33,000</b>	<b>17,000</b>	<b>4,662</b>	<b>3,154,562</b>	<b>3,209,224</b>

The accompanying notes form part of these financial statements.

## Company Statement of Changes in Equity

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 June 2017	34,938	15,062	2,339,267	2,389,267
<b>Total comprehensive income for the year ended 31 May 2018</b>				
Profit or loss	-	-	400,426	400,426
<b>Total comprehensive income for the year ended 31 May 2018</b>	-	-	400,426	400,426
Transactions with owners, recorded directly in equity				
Own shares acquired	(646)	646	-	-
Equity-settled share based payment transactions	-	-	114,255	114,255
<b>Total contributions by and distributions to owners</b>	(646)	646	114,255	114,255
<b>Balance at 31 May 2018</b>	<b>34,292</b>	<b>15,708</b>	<b>2,853,948</b>	<b>2,903,948</b>
<b>Total comprehensive income for the 13 month period ended 30 June 2019</b>				
Profit or loss	-	-	696,854	696,854
<b>Total comprehensive income for the 13 month period ended 30 June 2019</b>	-	-	696,854	696,854
Transactions with owners, recorded directly in equity				
Own shares acquired	(1,292)	1,292	-	-
Equity-settled share based payment transactions	-	-	254,471	254,471
Dividends	-	-	(500,000)	(500,000)
<b>Total contributions by and distributions to owners</b>	<b>(1,292)</b>	<b>1,292</b>	<b>(245,529)</b>	<b>(245,529)</b>
<b>Balance at 30 June 2019</b>	<b>33,000</b>	<b>17,000</b>	<b>3,305,273</b>	<b>3,355,273</b>

The accompanying notes form part of these financial statements.

## Consolidated Cash Flow Statement

For 13 month period ended 30 June 2019 (2018 – 12 months)

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Profit for the period		546,143	400,426
Adjustments for:			
Depreciation, amortisation and impairment		377,501	375,591
Interest receivable and similar income		(9,334)	(410)
Interest payable and similar expenses		198,184	103,914
Loss on sale of tangible fixed assets		4,316	1,620
Equity settled share-based payment expenses	19	254,471	114,255
Taxation		217,796	149,690
		<u>1,042,934</u>	<u>744,660</u>
Decrease/(increase) in stocks		1,102,642	(1,265,699)
Decrease/(increase) in trade and other debtors		449,798	(3,229,680)
Increase in trade and other creditors		1,213,664	608,845
		<u>2,766,104</u>	<u>(3,886,534)</u>
Dividends paid		(500,000)	-
Tax paid		(267,371)	(126,379)
<b>Net cash generated from/(used in) operating activities</b>		<u>3,587,810</u>	<u>(2,867,827)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		31,567	-
Interest received		9,334	410
Acquisition of a subsidiary		(612,876)	-
Acquisition of tangible fixed assets	10	(306,845)	(118,025)
Capitalised development expenditure	9	(168,024)	-
<b>Net cash used in investing activities</b>		<u>(1,046,844)</u>	<u>(117,615)</u>
<b>Cash flows from financing activities</b>			
Repurchase of own shares	20	(119,976)	(59,988)
Interest paid		(198,184)	(103,913)
Increase in finance lease liabilities		13,436	-
<b>Net cash used in financing activities</b>		<u>(304,724)</u>	<u>(163,901)</u>
Net increase/(decrease) in cash and cash equivalents		2,236,242	(3,149,343)
Cash and cash equivalents at 1 June 2018		(3,677,407)	(528,064)
Effect of exchange rate fluctuations on cash held		4,662	-
<b>Cash and cash equivalents at 30 June 2019</b>	14	<u><u>(1,436,503)</u></u>	<u><u>(3,677,407)</u></u>

The accompanying notes form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Vohkus Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 4142508 and the registered address is Centurion House, Barnes Wallis Road, Segensworth, Hampshire, PO15 5TT.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

As the company in the previous year was exempt under section 402 of the Companies Act 2006 from preparing group accounts due to the company having only subsidiary which was dormant and not material for the purpose of giving a true and fair view, the company accounts for the year ended 31 May 2018 have been used as comparatives for the group accounts.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors have assessed the Company's ability to continue in operational existence for the foreseeable future in accordance with the Financial Reporting Council's Guidance on the going concern basis of accounting.

The Company has prepared forecasts and projections which reflect the expected trading performance of the Company on the basis of best estimates of management using current knowledge and expectations of trading performance.

The going concern basis preparation is therefore considered to be appropriate in preparing these financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2019. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A special purpose entity (SPE) is consolidated if the Group concludes that it controls the SPE.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaken in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Where a group company is party to a joint venture which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

#### 1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.7 Basic financial instruments (continued)

##### *Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Land and buildings	- 25% Straight-line
Plant and machinery	- 25% Straight-line
Motor vehicles	- 25% Straight-line
Fixtures and fittings	- Between 14% and 25% Straight-line
Computer equipment	- Between 20% and 50% Straight-line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

#### 1.10 Intangible assets and goodwill

##### *Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- capitalised development 3-5 years

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### 1.12 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.13 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the entity receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the entity's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

#### 1.14 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### 1.15 Turnover

Turnover representing sales of products and services. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, value added tax, trade discounts and volume rebates.

Revenue is recognised at the point of dispatch or when the service is provided.

Revenue from contractual services that cover a period of time is recognised over the period the service is provided.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.16 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.17 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense, are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Acquisitions and disposal of businesses

#### Acquisitions in the current period

On 28 May 2019, the Company acquired all of the equity shares of E-Plenish Limited for £710,519. The company is an IT solutions and services provider based in Hampshire, England. The business contributed revenue of £117,742 and net profit of £8,287 to the revenue and net profit for the 13 month period ended 30 June 2019.

#### Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book values	Fair value adjustments	Recognised values on acquisition
<b>Acquiree's net assets at the acquisition date:</b>			
Tangible fixed assets	493	-	493
Trade and other debtors	284,637	-	284,637
Cash	97,643	-	97,643
Trade and other creditors	(249,622)	-	(249,622)
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	133,151	-	133,151
	<hr/>	<hr/>	<hr/>
<b>Total cost of business combination:</b>			
Consideration paid:			710,519
			<hr/>
Goodwill on acquisition			577,368
			<hr/>

The expected useful life of goodwill stemming from this acquisition is 5 years. An expected useful life of 5 years has been applied on the basis that e-Plenish is a long established trading company that operates in the same marketplace as the Group, and is expected to be held by the Group on a long term basis.

### 3 Turnover

	13 months ended 30 June 2019 £	Year ended 31 May 2018 £
Analysis by geographical market		
United Kingdom	99,018,877	79,820,230
Europe	3,715,715	2,375,963
Rest of the world	2,458,546	1,841,131
	<hr/>	<hr/>
	105,193,138	84,037,324
	<hr/>	<hr/>

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

## Notes (continued)

### 4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	13 months ended 30 June 2019 £	Year ended 31 May 2018 £
Depreciation of tangible assets	356,613	375,591
Amortisation of goodwill	4,811	-
Amortisation of capitalised development costs	16,077	-
Loss on disposal of tangible fixed assets	4,316	1,620
Hire of land and buildings - operating lease	590,453	441,059
Hire of other assets - operating lease	11,366	10,732
Amounts received by auditors in respect of:		
Audit of financial statements	45,450	25,000
Taxation services	7,500	7,500
	<u>          </u>	<u>          </u>

### 5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	13 months ended 30 June 2019	Year ended 31 May 2018
Sales	90	86
Administration and technical services	51	49
	<u>          </u>	<u>          </u>
	141	135
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons (including directors) were as follows:

	13 months ended 30 June 2019 £	Year ended 31 May 2018 £
Wages and salaries	11,893,119	9,979,174
Share based payments (See note 19)	254,471	114,255
Social security costs	1,353,841	1,256,024
Contributions to defined contribution plans	230,186	172,587
	<u>          </u>	<u>          </u>
	13,731,617	11,522,040
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Directors' remuneration

	13 months ended 30 June 2019 £	Year ended 31 May 2018 £
Directors' remuneration	1,418,006	1,416,516
Share based payments	199,697	91,845
Company contributions to money purchase pension plans	47,455	47,252
	<u>1,665,158</u>	<u>1,555,613</u>

There were 8 directors in the company's defined contribution pension scheme during the 13 month period ending 30 June 2019 (year ended 31 May 2018: 7).

There were 6 directors in the Enterprise Management Incentive Plan (share-based payment) during the 13 month period ended 30 June 2019 (year ended 31 May 2018: 5).

The total amount payable to the highest paid director in respect of emoluments during the 13 month period ended 30 June 2019 was £350,289 (year ended 31 May 2018: £343,569). Company pension contributions of £8,125 (2018: £7,500) were made to a money purchase scheme on their behalf.

### 7 Interest payable and similar expenses

	13 months ended 30 June 2019 £	Year ended 31 May 2018 £
Bank loans and overdrafts	6,423	2,386
Discounting charges and interest	191,761	101,528
	<u>198,184</u>	<u>103,914</u>

### 8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	13 months ended 30 June 2019 £	Year ended 31 May 2018 £
<i>Current tax</i>		
Current tax on income for the period	231,537	162,363
Adjustments in respect of prior periods	(29,802)	4,757
	<u>201,735</u>	<u>167,120</u>
<i>Deferred tax (see note 8)</i>		
Origination and reversal of timing differences	24,164	(15,272)
Adjustments in respect of prior periods	(8,103)	(2,158)
	<u>16,061</u>	<u>(17,430)</u>
Total tax	<u>217,796</u>	<u>149,690</u>

## Notes (continued)

### 8 Taxation (continued)

#### Analysis of current tax recognised in profit and loss

	13 months ended 30 June 2019 £	Year ended 31 May 2018 £
UK corporation tax	195,847	167,120
Foreign tax	5,888	-
Total current tax recognised in profit and loss	<u>201,735</u>	<u>167,120</u>

#### Reconciliation of effective tax rate

	13 months ended 30 June 2019 £	Year ended 31 May 2018 £
Profit for the period	546,143	400,426
Total tax expense	<u>217,796</u>	<u>149,690</u>
Profit excluding taxation	763,939	550,116
Tax using the UK corporation tax rate of 19% (2018: 19%)	145,149	104,522
Effect of tax rates in foreign jurisdictions	3,942	-
Non-deductible expenses	118,226	39,444
Fixed asset differences	2,175	1,328
Additional deduction for R&D expenditure	(10,948)	-
Adjustments to tax charge in respect of previous periods	(29,802)	4,757
Adjustments to tax charge in respect of previous periods – deferred tax	(8,103)	(2,158)
Adjustments to tax charge in respect of closing deferred tax to average rate at 19.00%	(6,800)	(4,910)
Adjustments to tax charge in respect of opening deferred tax to average rate at 19.00%	3,957	6,707
Total tax expense included in profit or loss	<u>217,796</u>	<u>149,690</u>

The standard rate for UK corporation tax used in the 13 month period ended 30 June 2019 was 19% (year ended 31 May 2018: 19%). Closing deferred tax balances have been valued at 19% (2018: 19%).

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

Notes (continued)

**9 Intangible assets and goodwill**

*Group*

	Goodwill £	Capitalised Development £	Total £
<b>Cost</b>			
Balance at 1 June 2018	-	-	-
Acquisitions through business combinations	577,368	-	577,368
Other acquisitions – internally developed	-	37,050	37,050
Other acquisitions – externally developed	-	130,974	130,974
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	577,368	168,024	745,392
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>			
Balance at 1 June 2018	-	-	-
Amortisation for the period	4,811	16,077	20,888
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2019	4,811	16,077	20,888
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 1 June 2018	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 2019	572,557	151,947	724,504
	<hr/>	<hr/>	<hr/>

*Company*

	Capitalised Development £
<b>Cost</b>	
Balance at 1 June 2018	-
Acquisitions through business combinations	-
Other acquisitions – internally developed	37,050
Other acquisitions – externally developed	130,974
	<hr/>
Balance at 30 June 2019	168,024
	<hr/>
<b>Amortisation and impairment</b>	
Balance at 1 June 2018	-
Amortisation for the period	16,077
	<hr/>
Balance at 30 June 2019	16,077
	<hr/>
<b>Net book value</b>	
At 1 June 2018	-
	<hr/>
At 30 June 2019	151,947
	<hr/>

The amortisation, impairment charge and impairment reversals are recognised in administrative expenses in the profit and loss account. Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

## Notes (continued)

### 10 Tangible fixed assets

#### Group

	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>						
At beginning of period	114,439	6,650	143,425	285,080	1,762,806	2,312,400
Additions	39,579	-	-	19,162	248,104	306,845
Acquisitions through business combinations	-	-	-	-	493	493
Disposals	-	-	(43,500)	(39,359)	(247,298)	(330,157)
At end of period	154,018	6,650	99,925	264,883	1,764,105	2,289,581
<b>Depreciation</b>						
At beginning of period	76,968	1,044	89,679	187,849	1,361,402	1,716,942
Charge for period	29,718	1,038	4,596	38,174	283,087	356,613
Disposals	-	-	(19,226)	(39,359)	(235,689)	(294,274)
At end of period	106,686	2,082	75,049	186,664	1,408,800	1,779,281
<b>Net book value</b>						
At 30 June 2019	47,332	4,568	24,876	78,219	355,305	510,300
At 31 May 2018	37,471	5,606	53,746	97,231	401,404	595,458

#### Leased plant and machinery

At period end the net carrying amount of computer equipment leased under a finance lease was £64,955 (2018: £139,689). The leased equipment secures lease obligations (see note 17).

## Notes (continued)

### 10 Tangible fixed assets (continued)

#### Company

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>						
At beginning of period	114,439	6,650	143,425	285,080	1,762,806	2,312,400
Additions	24,182	-	-	7,000	238,948	270,130
Disposals	-	-	(43,500)	(39,359)	(247,298)	(330,157)
At end of period	<u>138,621</u>	<u>6,650</u>	<u>99,925</u>	<u>252,721</u>	<u>1,754,456</u>	<u>2,252,373</u>
<b>Depreciation</b>						
At beginning of period	76,968	1,044	89,679	187,849	1,361,402	1,716,942
Charge for period	24,981	1,038	4,596	33,304	281,723	345,642
Disposals	-	-	(19,226)	(39,359)	(235,689)	(294,274)
At end of period	<u>101,949</u>	<u>2,082</u>	<u>75,049</u>	<u>181,794</u>	<u>1,407,436</u>	<u>1,768,310</u>
<b>Net book value</b>						
At 30 June 2019	<u>36,672</u>	<u>4,568</u>	<u>24,876</u>	<u>70,927</u>	<u>347,020</u>	<u>484,063</u>
At 31 May 2018	<u>37,471</u>	<u>5,606</u>	<u>53,746</u>	<u>97,231</u>	<u>401,404</u>	<u>595,458</u>

At period end the net carrying amount of computer equipment leased under a finance lease was £64,955 (2018: £139,689). The leased equipment secures lease obligations (see note 17).

## Notes (continued)

### 11 Fixed asset investments

#### Company

	Shares in group undertakings £	Total £
<b>Cost</b>		
At beginning of period	-	-
Additions	720,113	720,113
Disposals	-	-
	<hr/>	<hr/>
At end of period	720,113	720,113
	<hr/>	<hr/>
<b>Provisions</b>		
At beginning of period	-	-
Provided in period	-	-
Disposals	-	-
	<hr/>	<hr/>
At end of period	-	-
	<hr/>	<hr/>
<b>Net book value</b>		
At 30 June 2019	720,113	720,113
	<hr/>	<hr/>
At 31 May 2018	-	-
	<hr/>	<hr/>

	Loans to group undertakings £	Total £
<b>Cost</b>		
At beginning of period	-	-
Additions	408,749	408,749
Repayments	-	-
	<hr/>	<hr/>
At end of period	408,749	408,749
	<hr/>	<hr/>
<b>Provisions</b>		
At beginning of period	-	-
Made during the period	-	-
	<hr/>	<hr/>
At end of period	-	-
	<hr/>	<hr/>
<b>Net book value</b>		
At 30 June 2019	408,749	408,749
	<hr/>	<hr/>
At 31 May 2018	-	-
	<hr/>	<hr/>

## Notes (continued)

### 11 Fixed asset investments (continued)

#### Company

The undertakings in which the Group's and Company's interest at the period-end is more than 20% are as follows:

	Registered office address	Principal Activity	Percentage of shares held Company and Group
<i>Subsidiary undertakings:</i>			
Vohkus Technologies SRL	Cluj Business Campus, Strada Henri Barbusse, Cluj-Napoca, Romania	IT and Administrative Services	100%
Vohkus Private Limited	112 Robinson Road Singapore	Business Development	100%
E-Plenish Limited	Centurion House, Barnes Walls Road, Segensworth, Hampshire PO15 5TT	IT Solutions Provider	100%
Mcggha Limited	Centurion House, Barnes Walls Road, Segensworth, Hampshire PO15 5TT	Dormant	100%
Azcloud Technology Limited	Cambridge House, 32 Padwell Road, Southampton, United Kingdom, SO14 6QZ	Dormant	100%
Azure Factory Limited	Cambridge House, 32 Padwell Road, Southampton, United Kingdom, SO14 6QZ	Dormant	100%

## Notes (continued)

### 12 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale.	1,350,209	2,454,271	1,350,209	2,454,271
	<u>1,350,209</u>	<u>2,454,271</u>	<u>1,350,209</u>	<u>2,454,271</u>

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

Changes in finished goods and goods for resale recognised as cost of sales in the 13 month period ended 30 June 2019 amounted to £83,117,948 (year ended 31 May 2018: £67,933,325).

### 13 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade debtors	16,498,563	16,375,079	16,233,828	16,375,079
Director's loan account*	413,000	400,000	408,000	400,000
Amounts owed by group undertakings	-	-	628,244	-
Other debtors	197,470	226,544	158,468	226,544
Prepayments and accrued income	1,401,462	1,671,434	1,376,253	1,671,434
	<u>18,510,495</u>	<u>18,673,057</u>	<u>18,804,793</u>	<u>18,673,057</u>
Due within one year	18,097,495	18,673,057	17,987,731	-
Due after more than one year	413,000	-	817,062	-
	<u>18,510,495</u>	<u>18,673,057</u>	<u>18,804,793</u>	<u>18,673,057</u>

\* the details are:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts outstanding at 31 May 2018	400,000	24,945	400,000	24,945
Amount advanced during the period	515,078	445,928	510,078	445,928
Amounts repaid during the period	(502,078)	(70,873)	(502,078)	(70,873)
Amounts outstanding at 30 June 2019	<u>413,000</u>	<u>400,000</u>	<u>408,000</u>	<u>400,000</u>

The outstanding loan is a personal loan that does not carry any interest and is repayable more than 12 months after the period end (2018: repayable within 12 months of the year end).

No amounts were written off or waived off during the 13 month period ended 30 June 2019 (year ended 31 May 2018: £nil).

## Notes (continued)

### 14 Cash and cash equivalents/ bank overdrafts

	2019 £	2018 £
Cash at bank and in hand	549,751	302,254
Bank overdrafts	(1,986,254)	(3,979,661)
Cash and cash equivalents per cash flow statement	<u>(1,436,503)</u>	<u>(3,677,407)</u>

### 15 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	1,986,254	3,979,661	1,986,254	3,979,661
Obligations under finance leases (see note 17)	113,170	99,734	113,170	99,734
Trade creditors	14,118,049	12,262,890	13,948,379	12,262,890
Customer payments on account	606,771	206,265	606,771	206,265
Amounts owed to group undertakings	-	-	431,209	-
Corporation tax	249,050	297,150	226,232	297,150
Other taxation and social security	537,411	1,074,970	501,868	1,074,970
Other creditors	298,500	302,357	282,451	302,357
Accruals and deferred income	369,803	563,895	360,881	563,895
Shareholder buyback	-	59,988	-	59,988
	<u>18,279,008</u>	<u>18,846,910</u>	<u>18,457,215</u>	<u>18,846,910</u>

The bank loans and overdrafts were secured by a fixed and floating charge over the assets of the company and are generated through the company's Debt Purchase facility with Lloyds Bank plc that allowed Vohkus Limited to borrow up to 80% of the value of its trade debtor balance, subject to the facility limit of £10m (2018: £10m).

From 20 September 2019, the bank loans and overdrafts were secured by a fixed and floating charge over the assets of the company and are generated through the company's Debt Purchase facility with HSBC Bank Plc that allows Vohkus Limited to borrow up to 80% of the value of its trade debtor balance, subject to the facility limit of £15m.

### 16 Creditors: amounts falling after more than one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Shareholder buyback	-	59,988	-	59,988
Obligations under finance leases (see note 17)	99,230	172,458	99,230	172,458
	<u>99,230</u>	<u>232,446</u>	<u>99,230</u>	<u>232,446</u>

During 2015, the company entered into an agreement to repurchase 7,000 shares held by Mr D Manners. £350,082 was paid in 2015, and further £299,938 has been paid in five annual tranches. The final two tranches were both paid during the 13 month period ended 30 June 2019 as a consequence of the extended accounting period.

## Notes (continued)

### 17 Finance lease liabilities

Finance lease liabilities are payable as follows:

<i>Group</i>	Minimum lease payments 2019 £	Minimum lease payments 2018 £
Less than one year	113,170	99,734
Between one and five years	99,230	172,458
	<u>212,400</u>	<u>272,192</u>

  

<i>Company</i>	Minimum lease payments 2019 £	Minimum lease payments 2018 £
Less than one year	113,170	99,734
Between one and five years	99,230	172,458
	<u>212,400</u>	<u>272,192</u>

### 18 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Group	Group 2019 £	2018 £	Company 2019 £	2018 £
Fixed asset timing differences	(57,797)	(41,736)	(57,797)	(41,736)

The Group has no unrecognised tax losses or tax credits (2018: £nil).

### 19 Employee benefits

#### Defined contribution plans

##### *Group*

The Group operates a number of defined contribution pension plans. The assets of the schemes are held separately from those of the company in an independently administered fund.

The total expense relating to these plans in the 13 month period ending 30 June 2019 was £230,186 (year ending 31 May 2018: £172,587). There were no prepaid contributions at either the beginning or end of the period.

## Notes (continued)

### 19 Employee benefits (continued)

#### Share based payments

In June 2016, the company introduced an Enterprise Management Incentive Plan that granted share options to nearly half of the company's workforce. The purpose of the Plan was to more closely align the interests of employees with those of the shareholders. Under this plan, certain employees are provided with the share option. The option gives the eligible employee a right to acquire 'B' ordinary shares of £0.001 each in the capital of Vohkus Limited (the "Shares") if certain conditions are met. If the Option becomes exercisable, the eligible employees will have a right to acquire a certain number of Shares at a fixed price irrespective of the actual market value of the Shares at the time they acquire them.

There are certain performance/vesting conditions attached to this plan. The employees have the right to exercise the Option at the time of an 'exit' event, to the extent that those Performance Conditions have been satisfied.

The option will lapse if employees give or are given notice to terminate the employment with the Group other than as a Good Leaver or on death. The Option will lapse on the tenth anniversary of the Date of Grant (whether or not it has become exercisable) however the company has estimated to amortise this over 8 years.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2019	Weighted average exercise price 2018	Number of options 2019	Number of options 2018
	£	£	£	£
Granted and outstanding at the end of period	0.12	0.04	13,321,239	9,730,171
Exercisable at the end of period	-	-	-	-

The fair value of employee share options is measured using a Black Scholes option model. The management assessed this valuation model to be appropriate considering the size and nature of the business and options granted.

The expected volatility is calculated based on the weighted average remaining life of the share options, adjusted for any expected changes to future volatility.

The total expenses recognised for the period and the total equity recognised at the end of the period arising from share-based payments are as follows:

	2019 £	2018 £
Total share-based payment expense	254,471	114,255
Total carrying amount in equity	428,297	173,826

## Notes (continued)

### 20 Share capital and reserves

Share Capital	2019	2018
	£	£
<i>Allotted, called up and fully paid</i>		
33,000,00 (34,292,000) 'A' ordinary shares of £1 each	<u>33,000</u>	<u>34,292</u>

During 2015, the company entered into a share repurchase, whereby 3,770,000 ordinary A shares were repurchased, with a further 3,230,000 set to be repurchased in tranches over the following few years in equal instalments of 646,000 each. During the 13 month period ended 30 June 2019, 1,292,000 shares were cancelled at a cost of £119,976 (year ended 31 May 2018: 646,000 shares were cancelled at a cost of £59,988).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 21 Operating leases

#### Group

Non-cancellable operating lease rentals are payable as follows:

	2019 Land and buildings £	2019 Other £	2018 Land and buildings £	2018 Other £
Less than one year	491,101	10,492	459,041	10,492
Between one and five years	420,256	12,241	447,194	23,607
	<u>911,357</u>	<u>22,733</u>	<u>906,235</u>	<u>34,099</u>

During the 13 month period ended 30 June 2019 £601,819 was recognised as an expense in the profit and loss account in respect of operating leases (year ended 31 May 2018: 451,791).

#### Company

Non-cancellable operating lease rentals are payable as follows:

	2019 Land and buildings £	2019 Other £	2018 Land and buildings £	2018 Other £
Less than one year	336,496	10,492	459,041	10,492
Between one and five years	420,256	12,241	447,194	23,607
	<u>756,752</u>	<u>22,733</u>	<u>906,235</u>	<u>34,099</u>

During the 13 month period ended 30 June 2019 £494,979 was recognised as an expense in the profit and loss account in respect of operating leases (year ended 31 May 2018: 451,791).

## Notes (continued)

### 22 Capital Commitments

#### Group and Company

Contractual commitments to purchase tangible fixed assets at the period-end were £nil (2018: £nil).

The contractual commitments for the acquisition of intangible assets at the year-end were £1,692 (2018: £nil).

### 23 Related parties

#### Related party transactions and balances

##### Group

U K Sharma director of Vohkus Limited is also a director of Simmbiotic Limited and Aztrum People Limited.

During the 13 month period ended 30 June 2019, sales and management charges of £26,846 (year ended 31 May 2018: £135,280) were made by Vohkus Limited to Simmbiotic Limited, and Vohkus Limited purchased services totalling £889,581 (2018: £935,187) from Simmbiotic Limited.

At the period-end, £794,720 (2018: £699,486) was due from Simmbiotic Limited and is included within trade debtors. These trade debtor balance includes £788,208 (2018: £537,149) representing payments on account. At the period-end, £76,642 (2018: £nil) was due to Simmbiotic Limited and is included within trade creditors.

During the 13 month period ended 30 June 2019, Vohkus Limited made sales to Aztrum People Limited of £1,664 (year ended 31 May 2018: £4,684), and Vohkus Limited purchased services totalling £154 (2018: £51,827) from Aztrum People Limited.

At the period-end £nil, (2018: £5,621) was due from Aztrum People Limited and is included within trade debtors.

##### Company

During the period, Vohkus acquired 100% of the share capital of E-Plenish Limited.

U K Sharma, director of Vohkus Limited was also a director of E-Plenish Limited before and after E-Plenish Limited being acquired by the company on 28 May 2019.

U K Sharma and I S Davis, directors of Vohkus Limited were directors of Vohkus Technologies SRL during the 13 month period ended 30 June 2019.

U K Sharma, director of Vohkus Limited is also director of Vohkus Private Limited.

During the 13 month period ended 30 June 2019, consultancy services of £5,460 (year ended 31 May 2018: £nil) and loans of £234,178 (2018: nil) were made by Vohkus Limited to Vohkus Technologies SRL, and Vohkus Limited purchased services totalling £382,379 (2018: £nil) from Vohkus Technologies SRL.

At the period-end, £429,363 (2018: £nil) was due from Vohkus Technologies SRL and is included within debtors - amounts due from group undertakings. Included within creditors - amounts due to group undertakings at the period-end is £387,350 (2018: £nil) due to Vohkus Technologies SRL.

During the 13 month period ended 30 June 2019, sales and management charges of £115,657 (year ended 31 May 2018: £140,867) were made by Vohkus Limited to E-Plenish Limited, and Vohkus Limited purchased services totalling £57,382 (2018: £42,330) from E-Plenish Limited.

At the period-end, £23,988 (2018: £84,065) was due from E-Plenish Limited and is included within debtors - amounts due from group undertakings. Included within creditors - amounts due to group undertakings at the period-end is £43,860 (2018: £1,159) due to E-Plenish Limited.

## Notes (continued)

### 23 Related parties (continued)

During the 13-month period ended 30 June 2019, loans of £174,884 (year ended 31 May 2018: £nil) were made by Vohkus Limited to Vohkus Private Limited.

At the period-end, £174,884 (2018: £nil) was due from Vohkus Private Limited and is included within debtors - amounts due from group undertakings.

#### Loans and transactions concerning directors and officers of the company

##### Amounts owed by Director

###### Group

Director	2019 £	2018 £
U Sharma	413,000	400,000

###### Company

Director	2019 £	2018 £
U Sharma	408,000	400,000

##### Share based payments

The following number of share options are issued to the directors:

Number of directors	Number of share options granted and outstanding at year end	2019 Average value of share options £	Recognised in the expenses included in note 5
Six	9,509,518	149,172	199,697
Number of directors	Number of share options granted and outstanding at year end	2018 Average value of share options £	Recognised in the expenses included in note 5
Five	7,821,679	104,799	91,845

##### Repurchase of shares

In 2015, the company entered into an agreement to repurchase 7,000,000 shares held by David Manners. During the 13 month period ended 30 June 2019 £119,976 (year ended 31 May 2018: £59,988) has been paid, with £nil (2018: £119,976) due to be paid in tranches over the coming years.

### 24 Ultimate parent company and parent company of larger group

The directors consider U K Sharma to have control of the company by virtue of his majority shareholding.

No other group financial statements include the results of the Company.