

**WiMAC Limited**

**Annual report and financial statements**

**Registered number 05750381**

**31 October 2017**

TUESDAY



A21 \*A7BDDZAV\* #63  
31/07/2018  
COMPANIES HOUSE

## **Contents**

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the annual report and the financial statements	4
Independent auditor's report to the members of WiMAC Limited	5
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes	10

## **Company information**

### **Directors**

G A Pugh  
A Hill  
G Lynch

### **Auditor**

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

### **Banker**

Barclays Bank PLC  
PO Box 190  
2nd Floor  
1 Park Row  
Leeds  
LS1 5WU

### **Solicitors**

Pinsent Masons LLP  
3 Hardman Street  
Manchester  
M3 3AU

### **Registered Office**

Unit 1  
Tyler Close  
Normanton Industrial Estate  
Normanton  
Wakefield  
WF6 1RL

## Directors' report

The Directors present their report for the year ended 31 October 2017.

### Directors

The directors who served the Company during the year and up to the date of signing this report were as follows:

G Pugh  
A R Clarkson (resigned 16 May 2017)  
R Paul (resigned 23 January 2018)

Since the end of the reporting period the following directors have been appointed:

A Hill (appointed 20 April 2018)  
R Fletcher (appointed 23 January 2018 and resigned 29 June 2018)  
R Khan (appointed 23 January 2018 and resigned 16 April 2018)  
G Lynch (appointed 20 April 2018)

### Principle activity

WiMAC Limited's principle activity in the year was the provision of street lighting monitoring services providing energy saving solutions to the lighting industry.

### Post balance sheet events

In January 2018 the Company's parent, Harvard Group Holdings Limited received new investor funding from its long term PE backers ECI along with RooGreen Nominees Ltd. As part of this investment the existing shareholder loan notes were capitalised as equity bringing the Group back in to a net assets position. The new monies available to the Group are being invested in further R&D activities to speed up the Hardware and Controls solution development cycles.

### Future developments

The Company will continue to provide its monitoring services to its customer base over the coming 12 months.

### Business review

The company generated profit of £735k in the year (2016: £717k). The company holds a number of long term contracts to supply street lighting monitoring services to the current installed base.

### 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.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

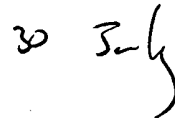
**Directors' report** *(continued)*

On behalf of the board



**A Hill**  
*Director*

Unit 1  
Tyler Close  
Normanton Industrial Estate  
Normanton  
Wakefield  
WF6 1RL



2018

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 company and to prevent and detect fraud and other irregularities.



## KPMG LLP

1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
United Kingdom

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

#### **Opinion**

We have audited the financial statements of WiMAC Limited ("the company") for the year ended 31 October 2017 which comprise the profit and loss account, balance sheet, statement of changes in equity 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 company's affairs as at 31 October 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 company 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.

#### **Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### **Directors' report**

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, 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 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 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).

### **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.

### **Ian Beaumont (Senior Statutory Auditor)**

For and on behalf of  
**KPMG LLP**  
**Statutory Auditor**  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

31 July 2018



**Profit and loss account**  
*for the year ended 31 October 2017*

	<i>Note</i>	2017 £	2016 £
Turnover	2	1,283,577	1,274,243
Cost of sales		(379,097)	(369,478)
<b>Gross profit</b>		<b>904,480</b>	<b>904,765</b>
Administrative expenses		(169,500)	(188,089)
<b>Operating profit</b>	3-4	<b>734,980</b>	<b>716,676</b>
Interest payable and similar charges	5	(268)	(75)
<b>Profit on ordinary activities before taxation</b>		<b>734,712</b>	<b>716,601</b>
Tax on profit on ordinary activities	6	-	-
<b>Profit for the financial year</b>		<b>734,712</b>	<b>716,601</b>


All the activities of the Company are classed as continuing.

There were no items classified within Other Comprehensive Income in either the current or prior year.

**Balance sheet**  
*at 31 October 2017*

	<i>Note</i>	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	7	372,051	438,722
Tangible assets	8	-	294
		<hr/>	<hr/>
		372,051	439,016
<b>Current assets</b>			
Debtors	9	4,214,964	3,380,598
Cash at bank and in hand		3,141	28,338
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	10	4,218,105 (226,043)	3,408,936 (218,551)
		<hr/>	<hr/>
<b>Net current assets</b>		3,992,062	3,190,385
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		4,364,113	3,629,401
		<hr/>	<hr/>
<b>Net assets</b>		4,364,113	3,629,401
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	105	105
Share premium		2,495	2,495
Profit and loss account		4,361,513	3,626,801
		<hr/>	<hr/>
<b>Shareholders' funds</b>		4,364,113	3,629,401
		<hr/>	<hr/>

These financial statements are approved by the board of directors on 30 July and are signed on their behalf by:

  
A Hill  
Director

Company number: 05750381

## Statement of changes in equity

	Called up share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 November 2015	105	2,495	2,910,200	2,912,800
<b>Total comprehensive income for the period</b>				
Profit or loss	-	-	716,601	716,601
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	716,601	716,601
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by the distributions to owners	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 October 2016</b>	<b>105</b>	<b>2,495</b>	<b>3,626,801</b>	<b>3,629,401</b>
	<hr/>	<hr/>	<hr/>	<hr/>

	Called up share capital £	Share premium £	Profit and loss account £	Total equity £
Balance at 1 November 2016	105	2,495	3,626,801	3,629,401
<b>Total comprehensive income for the period</b>				
Profit or loss	-	-	734,712	734,712
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	734,712	734,712
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>				
Dividends	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by the distributions to owners	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 October 2017</b>	<b>105</b>	<b>2,495</b>	<b>4,361,513</b>	<b>4,364,113</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

WiMAC Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Harvard Group Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Harvard Group Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the companies registered office address.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Harvard Group Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures.

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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 except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors report. In addition the financial statements include the principal risks and uncertainties facing the business, details of its financial instruments and the company exposures to credit risk and liquidity risk, where applicable.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty this support will continue although, at the date of approval of these financial statements, they have no reason to believe that sufficient funds will not continue to be made available and therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies 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 except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

#### 1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company 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 company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's 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 company'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.

#### 1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Non-derivative financial instruments (continued)

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

*Trade and other creditors* Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.6 Derivative financial instruments

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

##### *Fair value hedges*

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

#### 1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated 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, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

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. Land is not depreciated. The estimated useful lives are as follows:

Computer Equipment - 33% straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Intangible assets

##### *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.

##### *Other tangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

##### *Amortisation*

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

Patents and trademarks - 15 years straight line

#### 1.9 Employee benefits

##### *Defined contribution plans*

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.

#### 1.10 Provisions

A provision is recognised in the balance sheet when the Company 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability:

#### 1.11 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Expenses

##### *Operating lease payments*

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. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. 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 charges include interest payable, finance charges 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). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, 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.

#### 1.13 Taxation

Tax on the profit or loss for the year 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 year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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.

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)

### 1.14 New standards

The following new and amended standards, adopted in the current financial period, had no significant impact on the financial statements;

- Clarification of acceptable methods of depreciation (Amendments to IAS 16 and IAS 38).
- Accounting for acquisitions of interest in joint operations (Amendments to IFRS11).
- Annual Improvements to IFRSs 2012-2014 cycle.
- Equity methods in separate financial statements (Amendments to IAS 27).
- Disclosure Initiative (Amendments to IAS 1).

The Directors considered the impact on the Group of EU endorsed, new and revised accounting standards, interpretations or amendments. The following new and revised accounting standards are currently endorsed but effective for periods beginning on or after 1 January 2017;

IFRS 15 Revenue from contracts; and  
IFRS 9 Financial instruments.

IFRS 15 introduces principles to recognise revenue by allocation to the transaction price to performance obligations and is effective for accounting periods commencing on or after 1 January 2018. The Group is assessing the impact of the amendments although anticipates that it will not have a material impact on the financial statements.

IFRS 9 will supersede IAS 39 and is effective for accounting periods commencing on or after 1 January 2018. The Group is assessing the impact on the classification and measurement of financial instruments but no material impact is expected.

The future impact on the financial statements of new standards and amendments awaiting EU endorsement is currently being assessed. New standards awaiting EU endorsement include IFRS 16 'Leases' which is effective for annual periods beginning on or after 1 January 2019. The standard replaces IAS 17 and will require entities to apply a single lessee accounting model, with lessees recognising right of use assets and lease liabilities on balance sheet for all applicable leases. The Group is assessing the impact of the amendments although does not anticipate it will have a material impact on the financial statements.

### 1.15 Estimates and judgements

#### *Capitalisation of development expenditure*

Determining whether expenditure meets the IFRS criteria for capitalisation requires judgement as to whether the products are technically and commercially feasible and an estimation of the future economic benefits to arise from the products. Following confirmation of technical feasibility from the development teams; the key judgement is in respect of the estimated commercial returns from the developments, which requires estimates of potential market size, market share and product profitability. Capitalisation of development expenditure occurs from the point of approval. All initial research of a product is expensed to the consolidated income statement as incurred.

#### *Stock provision*

The Group has recognised a provision for impairment of inventories where the carrying value of SKUs is deemed to be greater than their net realisable value.

#### *Debtors provision*

The Group has evaluated the collectability of trade debtors at the balance sheet date and recognised a provision based on the age of accounts and the feasibility of future collection.

#### *Warranty provision*

The Group has recognised a provision for warranty related costs based on the contractual obligations on the products sold and estimates of future claims based on prior experience.

## Notes (continued)

### 2 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2017 £	2016 £
United Kingdom	1,283,577	1,274,243

### 3 Expenses and auditors remuneration

Included in profit/loss are the following:

	2017 £	2016 £
Amortisation of intangible assets	66,671	66,700
Depreciation of tangible assets	294	5,075

The remuneration of the auditors is borne by a sister company in respect of the current period.

The fee paid in respect of the Company's audit services for the year was £2,400 (2016: £2,400)

### 4 Directors' remuneration

	2017 £	2016 £
Remuneration and other emoluments	-	-
	No.	No.
Members of defined contribution pension schemes		
Highest paid director		
	£	£
Amounts included above:		
Remuneration and other benefits	-	-

The remuneration of the directors is borne by another Group company in both the current and prior periods.

**Notes (continued)**

**5 Interest payable and similar charges**

	2017 £	2016 £
Other loans	268	75
	<u>268</u>	<u>75</u>

**6 Taxation**

Total tax expense recognised in the profit and loss account

	£	2017 £	£	2016 £	£
<i>UK corporation tax</i>					
Current tax on income for the period	-		-		
Adjustments in respect of prior periods	-		-		
	<u>-</u>		<u>-</u>		
Total current tax			-		-
<i>Deferred tax</i>					
Origination / reversal of timing differences	-		-		
Effect of increased / decreased tax rate	-		-		
Adjustments in respect of prior periods	-		-		
	<u>-</u>		<u>-</u>		
Total deferred tax			-		-
			<u>-</u>		<u>-</u>
Total tax			<u>-</u>		<u>-</u>

## Notes (continued)

### 6 Taxation (continued)

#### Reconciliation of effective tax rate

	2017 £	2016 £
Profit after tax	734,712	716,601
Tax expense	-	-
Profit before tax	734,712	716,601
Tax using the UK Corporation tax rate of 19% (2016: 20%)	142,635	143,321
Expenses not deductible for tax purposes (primarily non qualifying depreciation)	-	75
Impact of rate change on deferred tax balances	-	(9,788)
Deferred tax assets not recognised	(401)	(132,060)
Capital allowances in advance of depreciation	-	(1,548)
Utilisation of b/f losses on which DT not recognised	(74,893)	-
Group relief – nil payment	(67,341)	-
Total tax	-	-

#### Factors affecting the tax charge for the future periods

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 October 2017 has been calculated based on these rates.

## Notes (continued)

### 7 Intangible fixed assets

	Intellectual property rights £
<i>Cost</i>	
At 31 October 2016	1,000,000
Additions	-
	<hr/>
At 31 October 2017	1,000,000
	<hr/>
<i>Amortisation</i>	
At 31 October 2016	561,278
Provided during the year	66,671
	<hr/>
At 31 October 2017	627,949
	<hr/>
<i>Net book value</i>	
At 31 October 2017	372,051
	<hr/>
At 31 October 2016	438,722
	<hr/>

### 8 Tangible fixed assets

	Computers & equipment £
<i>Cost</i>	
At 31 October 2016	30,318
Additions	-
Disposals	-
	<hr/>
At 31 October 2017	30,318
	<hr/>
<i>Depreciation</i>	
At 31 October 2016	30,024
Provided during the year	294
	<hr/>
At 31 October 2017	30,318
	<hr/>
<i>Net book value</i>	
At 31 October 2017	-
	<hr/>
At 31 October 2016	294
	<hr/>

## Notes (continued)

### 9 Debtors

	2017 £	2016 £
Trade debtors	120,705	110,081
Amounts owed by group undertakings	4,056,517	3,263,237
Prepayments and accrued income	30,849	7,280
Vat	6,893	-
	<u>4,214,964</u>	<u>3,380,598</u>

### 10 Creditors: amount falling due within one year

	2017 £	2016 £
Trade creditors	23,489	4,434
Amounts owed to related party	-	135,732
Accruals and deferred income	202,554	78,385
	<u>226,043</u>	<u>218,551</u>

### 11 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
105 Ordinary shares of £1 each	<u>105</u>	<u>105</u>

### 12 Controlling party

At the balance sheet date the immediate parent undertaking was Harvard Group Management Limited with Harvard Group Holdings Limited the ultimate parent undertaking, both companies are incorporated in England and Wales. ECI 9A LP and ECI 9B LP were the majority shareholders in the parent company and considered to be the ultimate controlling party.

On 23 January 2018, Roogreen Nominees Limited purchased a 50% share of Harvard Group Holdings Limited with ECQ 9A LP and ECI 9B LP now holding 37.9% and 12.1% respectively.