

Unaudited Financial Statements

Conveyortek Limited

For the year ended 30 June 2017



Registered number: NI072052



Report to the directors on the unaudited financial statements of Conveyortek Limited for the year ended 30 June 2017

In order to assist you fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Conveyortek Limited for the year ended 30 June 2017 which comprise the Statement of comprehensive income, the Balance Sheet and the related notes from the Company accounting records and from information and explanations you have given to us.

As a member firm of the Institute of Chartered Accountants in Ireland, we are subject to its ethical and other professional requirements which are detailed at www.charteredaccountants.ie.

This report is made solely to the Board of Directors of Conveyortek Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Conveyortek Limited and state those matters that we have agreed to state to the Board of Directors of Conveyortek Limited, as a body, in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Conveyortek Limited and its Board of Directors, as a body, for our work or for this report.

We performed this compilation engagement in accordance with International Standards on Related Services 4410 (Revised), Compilation Engagements.

It is your duty to ensure that Conveyortek Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of Conveyortek Limited. You consider that Conveyortek Limited is exempt from the statutory audit requirement for the year ended 30 June 2017.

We have not been instructed to carry out an audit or review of the financial statements of Conveyortek Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Grant Thornton (NI) LLP

Grant Thornton (NI) LLP

Chartered Accountants

Belfast

Date: 28 March 2018

Balance sheet

As at 30 June 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	3	19,843	5,419
Tangible assets	4	166,950	159,117
		<u>186,793</u>	<u>164,536</u>
Current assets			
Stocks	5	380,650	363,548
Debtors: amounts falling due within one year	6	1,184,867	806,054
Cash at bank and in hand		270,888	641,321
		<u>1,836,405</u>	<u>1,810,923</u>
Creditors: amounts falling due within one year	7	(1,253,432)	(1,140,398)
Net current assets		<u>582,973</u>	<u>670,525</u>
Total assets less current liabilities		<u>769,766</u>	<u>835,061</u>
Creditors: amounts falling due after more than one year	8	(3,146)	(44,220)
Net assets		<u><u>766,620</u></u>	<u><u>790,841</u></u>
Capital and reserves			
Called up share capital		137	137
Share premium account		939,781	939,781
Profit and loss account		(173,298)	(149,077)
		<u><u>766,620</u></u>	<u><u>790,841</u></u>

Conveyortek Limited

Registered number: NI072052

Balance sheet (continued)

As at 30 June 2017

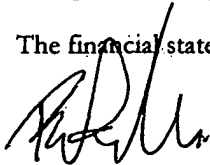
The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

The Company has opted not to file the statement of comprehensive income and directors' report in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/3/18



Philip Trimble

Director

The notes on pages 4 to 13 form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2017

1. General information

Conveyortek Limited is a company incorporated in Northern Ireland. The registered office is Clarence West Building, 2 Clarence Street West, Belfast BT2 7GP.

The principal activity of the company is that of manufacture, distribution and servicing of industrial belt.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have assessed that there are adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements. For this reason the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

2.3 Revenue

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

Sale of goods

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

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

Notes to the financial statements

For the year ended 30 June 2017

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

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

Other intangible assets

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

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

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Land and buildings	-	5% straight line
Plant and machinery	-	20% straight line
Motor vehicles	-	33% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Notes to the financial statements

For the year ended 30 June 2017

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Research and development costs

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

2.8 Stocks

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

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

2.9 Debtors

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

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the financial statements

For the year ended 30 June 2017

2. Accounting policies (continued)

2.11 Financial instruments

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

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

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

2.13 Government grants

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

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

Notes to the financial statements

For the year ended 30 June 2017

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within administrative expenses. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.15 Finance costs

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

2.16 Pensions

Defined contribution pension plan

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

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

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

Notes to the financial statements

For the year ended 30 June 2017

2. Accounting policies (continued)

2.18 Taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Notes to the financial statements

For the year ended 30 June 2017

3. Intangible assets

	Goodwill £
Cost	
At 1 July 2016	6,503
Additions	18,500
At 30 June 2017	<u>25,003</u>
Amortisation	
At 1 July 2016	1,084
Charge for the year	4,076
At 30 June 2017	<u>5,160</u>
Net book value	
At 30 June 2017	<u><u>19,843</u></u>
At 30 June 2016	<u><u>5,419</u></u>

Notes to the financial statements

For the year ended 30 June 2017

4. Tangible fixed assets

	Land and Buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 July 2016	28,137	176,059	61,816	11,130	68,915	346,057
Additions	3,700	59,017	-	-	7,306	70,023
At 30 June 2017	<u>31,837</u>	<u>235,076</u>	<u>61,816</u>	<u>11,130</u>	<u>76,221</u>	<u>416,080</u>
Depreciation						
At 1 July 2016	-	126,235	35,091	4,081	21,534	186,941
Charge for the year on owned assets	-	21,955	18,404	1,113	20,717	62,189
At 30 June 2017	<u>-</u>	<u>148,190</u>	<u>53,495</u>	<u>5,194</u>	<u>42,251</u>	<u>249,130</u>
Net book value						
At 30 June 2017	<u>31,837</u>	<u>86,886</u>	<u>8,321</u>	<u>5,936</u>	<u>33,970</u>	<u>166,950</u>
At 30 June 2016	<u>28,137</u>	<u>49,825</u>	<u>26,725</u>	<u>7,049</u>	<u>47,381</u>	<u>159,117</u>

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

	2017 £	2016 £
Motor vehicles	<u>7,922</u>	<u>25,335</u>
	<u>7,922</u>	<u>25,335</u>

5. Stocks

	2017 £	2016 £
Raw materials and consumables	<u>380,650</u>	<u>363,548</u>
	<u>380,650</u>	<u>363,548</u>

Notes to the financial statements

For the year ended 30 June 2017

6. Debtors

	2017 £	2016 £
Trade debtors	886,106	640,140
Amounts owed by associated undertakings	19,107	-
Other debtors	70,914	125,950
Prepayments and accrued income	208,740	39,964
	<u>1,184,867</u>	<u>806,054</u>

7. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other loans	29,913	56,330
Bank overdrafts	495,411	371,995
Trade creditors	505,137	423,166
Other taxation and social security	52,694	28,264
Obligations under finance lease and hire purchase contracts	11,124	11,123
Other creditors	20,474	9,251
Accruals and deferred income	138,679	240,269
	<u>1,253,432</u>	<u>1,140,398</u>

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

	2017 £	2016 £
Other loans	-	29,950
Net obligations under finance leases and hire purchase contracts	3,146	14,270
	<u>3,146</u>	<u>44,220</u>

Secured loans

The Ulster Bank Invoice Finance account is secured on the book value of the trade debtors.

Notes to the financial statements

For the year ended 30 June 2017

9. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	11,124	11,124
Between 1-2 years	3,146	11,124
Between 2-5 years	-	3,145
	<u>14,270</u>	<u>25,393</u>

10. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £2,092 (2016 - £NIL). Contributions totalling £2,536 (2016 - £NIL) were payable to the fund at the balance sheet date.

11. Related party transactions

Key management personnel are deemed to be the directors and director remuneration is disclosed in note 8.

12. Controlling party

P Trimble, M Buchanan, J McCall and CVT Ventures Limited are regarded as the ultimate controlling parties by virtue of their shareholdings in the company.