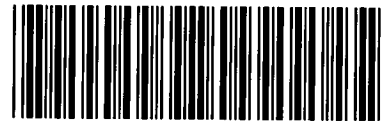


Company Registration No. SC274301 (Scotland)

CARBON BLACK SYSTEM LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2015

THURSDAY



S5YXHB9J

SCT

26/01/2017

#11

COMPANIES HOUSE

CARBON BLACK SYSTEM LIMITED

CONTENTS

	Page
Independent auditor's report	1 - 2
Abbreviated balance sheet	3
Notes to the abbreviated accounts	4 - 6

CARBON BLACK SYSTEM LIMITED

INDEPENDENT AUDITOR'S REPORT TO CARBON BLACK SYSTEM LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 3 to 6, together with the financial statements of Carbon Black System Limited for the year ended 31 October 2015 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with Chapter 10 of Part 15 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other information

On ~~25 January 2017~~ we reported, as auditor of Carbon Black System Limited, to the members on the financial statements prepared under section 396 of the Companies Act 2006 for the year ended 31 October 2015, and our report included the following paragraph:

In all other respects, in our opinion the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

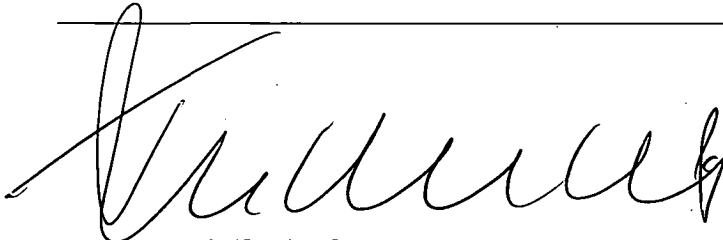
Emphasis of matter - Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a further net loss during the year ended 31 October 2015. This condition, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

CARBON BLACK SYSTEM LIMITED

INDEPENDENT AUDITOR'S REPORT TO CARBON BLACK SYSTEM LIMITED (CONTINUED)

UNDER SECTION 449 OF THE COMPANIES ACT 2006



**Jamie Waugh (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP**

25 Jan 2017

**Chartered Accountants
Statutory Auditor**

Clava House
Cradlehall Business Park
INVERNESS
IV2 5GH

CARBON BLACK SYSTEM LIMITED

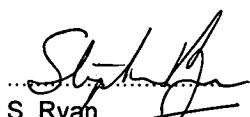
ABBREVIATED BALANCE SHEET

AS AT 31 OCTOBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	2		99,067		116,623
Current assets					
Stocks		45,176		43,262	
Debtors		17,457		16,140	
Cash at bank and in hand		27,113		-	
		<u>89,746</u>		<u>59,402</u>	
Creditors: amounts falling due within one year	3	<u>(232,279)</u>		<u>(118,941)</u>	
Net current liabilities			<u>(142,533)</u>		<u>(59,539)</u>
Total assets less current liabilities			<u>(43,466)</u>		<u>57,084</u>
Creditors: amounts falling due after more than one year	4		<u>(103,957)</u>		<u>(10,269)</u>
			<u>(147,423)</u>		<u>46,815</u>
Capital and reserves					
Called up share capital	5		60,627		18,214
Share premium account			747,417		577,767
Profit and loss account			<u>(955,467)</u>		<u>(549,166)</u>
Shareholders' funds			<u>(147,423)</u>		<u>46,815</u>

These abbreviated financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board for issue on 25/1/17


S Ryan
Director

Company Registration No. SC274301

CARBON BLACK SYSTEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Whilst the company has continued to incur net losses, the directors believe that current and future measures taken to grow the business through product development, cost effectiveness, marketing activity, expansion into foreign markets and creating relationships with key distributors to generate increased order levels to add to their customer base will result in a significant reduction in losses for the years ended 31 October 2016 and 2017 with the company beginning to generate profits in the following financial year.

The directors acknowledge that the company has continued to rely on the support of its syndicate of investors, local government agencies and its bank overdraft to provide ongoing working capital. Subsequent to the year end, the directors aim to secure further funding from its investors via loan financing and further share issues in the region of £540,000; of which approximately £330,000 has been secured. Whilst the company's overdraft facility is not due to be renewed until May 2017, the directors are confident that their cash position will improve during the interim period to allow the day to day operations of the company to continue satisfactorily. This includes the directors negotiating for the restructuring of £85,000 of convertible loan notes, due to be repaid in August 2016.

Whilst the financial forecasts produced, for the period to October 2019, are inherently uncertain, as they involve the company achieving some step changes and significant increases in sales by five to six fold the levels achieved in 2015/16, the directors are confident that these, combined with their business plan, continue to demonstrate financial viability and that the company will have sufficient funds to enable it to meet its obligations as they fall due. Accordingly, the directors have considered a period of 12 months from the approval date of these financial statements and deem it appropriate to prepare the financial statements on a going concern basis.

1.2 Turnover

Turnover represents the total value, excluding VAT, of sales made during the year and is recognised when wheelchairs have been fully manufactured in accordance with the user's tailored requirements.

1.3 Research and development

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% - 33% straight line
Computer equipment	33% straight line
Fixtures, fittings & equipment	20% straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

CARBON BLACK SYSTEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

1 Accounting policies (Continued)

1.7 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Fixed assets

	Tangible assets £
Cost	
At 1 November 2014	189,277
Additions	26,411
	<u>215,688</u>
At 31 October 2015	215,688
Depreciation	
At 1 November 2014	72,654
Charge for the year	43,967
	<u>116,621</u>
At 31 October 2015	116,621
Net book value	
At 31 October 2015	99,067
	<u>116,623</u>
At 31 October 2014	<u>116,623</u>

3 Creditors: amounts falling due within one year

The aggregate amount of creditors for which security has been given amounted to £99,556 (2014 - £0).

	2015 £	2014 £
4 Creditors: amounts falling due after more than one year		
Total amounts repayable by instalments which are due in more than five years	33,939	-
	<u>33,939</u>	<u>-</u>

CARBON BLACK SYSTEM LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2015

5	Share capital	2015 £	2014 £
	Allotted, called up and fully paid		
	6,062,704 Ordinary shares of 1p each	60,627	18,214
		<u>60,627</u>	<u>18,214</u>

During the year, 4,241,260 ordinary shares were issued at £0.05 per share, resulting in a share premium of £169,650.