

Company Registration No. SC274301 (Scotland)

**CARBON BLACK SYSTEM LTD.
ABBREVIATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2017**



CARBON BLACK SYSTEM LTD.

CONTENTS

	Page
Independent auditor's report	1
Abbreviated balance sheet	2
Notes to the abbreviated accounts	3 - 5

CARBON BLACK SYSTEM LTD.

INDEPENDENT AUDITOR'S REPORT TO CARBON BLACK SYSTEM LTD.

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of Carbon Black System Ltd. for the period ended 30 April 2017 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

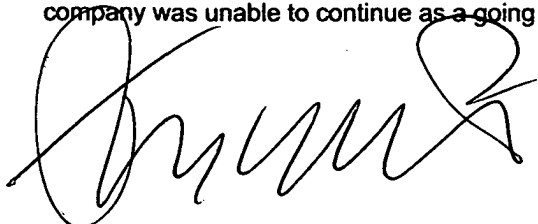
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Other information

On 2 July 2018 we reported, as auditor of Carbon Black System Ltd., to the members on the financial statements prepared under section 396 of the Companies Act 2006 for the period ended 30 April 2017, and our report included the following paragraph:

Emphasis of matter - Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred further losses during the period and has net liabilities of £658,403 at 30 April 2017. These conditions in addition to the other matters explained in note 1.1 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.



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

2 July 2018

Chartered Accountants
Statutory Auditor

Clava House
Cradlehall Business Park
INVERNESS
IV2 5GH

CARBON BLACK SYSTEM LTD.

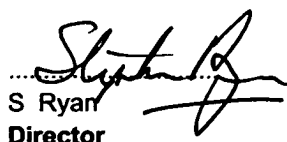
ABBREVIATED BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	30 April 2017 £	£	31 October 2015 £	£
Fixed assets					
Tangible assets	2		23,488		99,067
Current assets					
Stocks		14,487		45,176	
Debtors		67,950		17,457	
Cash at bank and in hand		800		27,113	
		83,237		89,746	
Creditors: amounts falling due within one year	3	(477,453)		(232,279)	
Net current liabilities			(394,216)		(142,533)
Total assets less current liabilities			(370,728)		(43,466)
Creditors: amounts falling due after more than one year	4		(287,675)		(103,957)
			(658,403)		(147,423)
Capital and reserves					
Called up share capital	5		89,424		60,627
Share premium account			862,606		747,417
Profit and loss account			(1,610,433)		(955,467)
Shareholders' funds			(658,403)		(147,423)

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 2/7/18


S Ryan
Director

Company Registration No. SC274301

CARBON BLACK SYSTEM LTD.

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE PERIOD ENDED 30 APRIL 2017

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 January 2015).

As at 30 April 2017, the accounts show overall net liabilities of £658,403. With regard to this and the ongoing trading prospects of the company, the directors indicate:

- Within the liabilities on the Balance Sheet there is £313,629 due to shareholders for loans advanced to the company. Whilst the directors acknowledge the continuing and increasing reliance on its investors, the existing shareholders have shown tremendous support and loyalty to the business and we are satisfied these loans will not be recalled until the company has sufficient funds to do so.
- Since 30 April 2017, the company has raised further funds through 2 equity share issues, as follows:

a. May 2017	£209,466
b. December 2017	£273,585
- Included within trade creditors at 30 April 2017 are fees due to current and former directors of £127,650. Of these amounts, £89,247 have been capitalised in the above share issues with the payment of the remaining balance being deferred until such time as the company has sufficient funds to do so.
- At the time of finalising these accounts the company was engaged in raising further capital of £400,000 through an equity share issue. Whilst the outcome of the above is uncertain at the date of approval date of these financial statements, the directors are confident that a successful completion of this funding will place the company on a solid financial footing.
- At the time of finalising these accounts, the company had successfully completed a project to reduce, significantly, the costs of manufacture of the Carbon Black product. The Directors believe this creates the opportunity to access a much bigger share of the market and projections indicate the company will be trading profitably by February 2019. Whilst the financial forecasts produced for the period to April 2021 are inherently uncertain, as they involve the company securing significant increases in sales orders historically achieved, the directors are confident that these, combined with their business plan, continue to demonstrate financial viability.

Notwithstanding the material uncertainties regarding the raising of further capital and the step increases in sales orders, the directors are satisfied the assets and liabilities are recorded on the basis that the company will be able to realise its assets and discharge its liabilities in the normal course of business. 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.

CARBON BLACK SYSTEM LTD.

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

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.

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 2015	215,688
Additions	1,699
	<hr/>
At 30 April 2017	217,387
	<hr/>
Depreciation	
At 1 November 2015	116,621
Charge for the period	49,927
Provision for diminution in value	27,351
	<hr/>
At 30 April 2017	193,899
	<hr/>
Net book value	
At 30 April 2017	23,488
	<hr/>
At 31 October 2015	99,067
	<hr/>

CARBON BLACK SYSTEM LTD.

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2017

3 Creditors: amounts falling due within one year

The aggregate amount of creditors for which security has been given amounted to £18,891 (2015 - £0).

4 Creditors: amounts falling due after more than one year

2017
£

2015
£

Analysis of loans repayable in more than five years

Total amounts repayable by instalments which are due in more than five years

-
=====

33,939
=====

The aggregate amount of creditors for which security has been given amounted to £89,488 (2015 - £99,556).

5 Share capital

2017
£

2015
£

Allotted, called up and fully paid

8,942,417 Ordinary shares of 1p each

89,424
=====

60,627
=====

During the year, 2,879,713 ordinary shares were issued at £0.05 per share, resulting in a share premium of £115,189.