

Airtech Humidity Controls Limited

Report and Financial Statements

31 July 2016

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COMPANIES HOUSE

Directors

A Cowlin
P Duckling
C Shakeshaft
Mrs J Rockett (Resigned 9 June 2015)
E J Davison (Resigned 10 May 2016)
R A George (Appointed 10 May 2016)
I Dew (Appointed 10 May 2016)
J Cleeter (Appointed 1 March 2016)

Secretary

J M Davison (Resigned 10 May 2016)
M J Anscombe (Appointed 10 May 2016)

Auditor

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

C/O Volution Group Plc
Fleming Way
Crawley
West Sussex
RH10 9YX

Strategic report

During the period the Company's direct parent, N V A Services Limited, was acquired by Volution Ventilation Group Limited, as a result the Company has changed its accounting reference date from 31 March to 31 July, consequently the directors of Airtech Humidity Controls Limited ('the Company') present their strategic report for the 16 months ended 31 July 2016.

Principal activity and review of the business

The principal activity of the Company continues to be the sale, installation and distribution of humidity control devices.

The profit for the period, after taxation, is £92,339 (2015: £141,076).

The Company's key financial and other performance indicators during the period were as follows:

	16 months ended 31 July 2016	Year end 31 March 2015	Annualised Change
	£	£	%
Turnover	4,453,212	3,438,680	(2.9)
Operating profit	186,073	235,369	(40.7)
EBITDA	316,250	327,840	(27.7)

During the period, the Company has continued its strong performance in all areas of the business with turnover broadly in-line with the prior year. The change in ownership has led to some one-off costs, as a result of a change in accounting estimates in the period, along with a change in product mix. Therefore the gross profit margin has declined slightly to 38.8% (2015: 41.7%) and the operating profit margin has declined to 4.2% (2015: 6.8%). The directors are confident that the underlying business remains strong and margins are expected to improve now that the company has access to a wider range of products following the acquisition by the Volution Group.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be broadly grouped as economic and financial instrument related. These risks are explained further below:

Economic risk

In the UK, demand for the Company's products is influenced by both public and privately funded new and refurbishment construction projects. The UK construction market is in turn heavily influenced by prevailing macro-economic conditions and relevant UK and European legislation particularly with regards to air quality and energy efficiency. The Company reviews its cost base and organisational structure on a regular basis.

Financial instrument risk

The Company principally engages in one type of financial instrument, which is short term working capital (trade and other debtors, trade and other creditors, group payables and receivables and cash).

The directors do not consider the book value of financial instruments to materially differ from their fair values.

The directors' understanding of and the Company's exposure to risk as a result of using financial instruments is as follows:

> Price risk

Risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The directors consider this risk to relate to foreign exchange... Risk arising on non-derivative financial instruments is mitigated by utilisation of surplus foreign currency within the group of which the Company is a member.

> Credit risk

Risk that one party to a financial instrument will fail to discharge their obligation and cause the other party to incur a financial loss. With regard to non-derivative financial instruments, the directors believe credit risk principally relates to trade debtors. To mitigate against exposure to credit risk the Company has developed strong credit control procedures, internal control mechanisms and has entered into a credit insurance policy.

Strategic report (continued)

Principal risks and uncertainties (continued)

Financial instrument risk (continued)

> Liquidity risk

Risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To the best of the directors' knowledge there are no foreseeable constraints in discharging obligations under financial instruments. Cash flow is regularly monitored using weekly and monthly reporting, in addition the Company undertakes quarterly reforecast updates against the annual budget.

The company is also exposed to credit and liquidity risk from other group undertakings. The risk is managed by only lending to companies that are part of the same group as the company.

Change in reporting framework

During the period, the company transitioned from UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, N V A Services Limited, was notified of and did not object to the use of the disclosure exemptions available under FRS 101. There were no material recognition and measurement differences arising on adoption of FRS 101.

On behalf of the Board



Ian Dew
Director
29 March 2017

Directors' report

The directors of Airtech Humidity Controls Limited ('the Company') present their report and financial statements for the 16 months ended 31 July 2016.

Directors

The directors who served the Company during the period and subsequent to the period end are set-out on page 1.

Dividends

The Company paid no interim dividend (2015 - £22,222). The directors do not recommend the payment of a final dividend (2015 – £nil).

Future developments

The Company will continue to develop its existing activities and seek expansion opportunities to increase profitability.

Financial instruments

The directors' understanding of, and the Company's exposure to risk as a result of using financial instruments is set out in the strategic report.

Disabled employees and employee involvement

A skilled workforce is key to the future of the Company. Health and Safety matters are reviewed regularly by the directors and it is our policy to ensure that:

- Full and fair consideration is given to all applications for employment made by disabled persons, having regard to their capabilities;
- If an existing employee becomes disabled (whether from illness or accident) every reasonable effort is made to continue to provide employment either in the same job, or by training for a suitable alternative job; and
- Disabled persons are given equal consideration for training, career development and opportunities for promotion within the Company.

Management are regularly provided with a range of information concerning the performance of the business by means of meetings and similar briefings that allows employees' views and opinions to be taken into consideration. Other means of communication are used to ensure employees are systematically provided with information on matters of concern to them.

Directors' liabilities

The enlarged Group of which the Company is a member has granted an indemnity to certain directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the directors' report.

Going concern

The directors confirm that after making appropriate enquiries, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The directors' responsibilities are set out on page 6 and should be read in conjunction with this statement.

Directors' report (continued)

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditor

Ernst & Young LLP were appointed as auditor in the period in accordance with Section 485 of the Companies Act 2006. Ernst & Young LLP will be proposed for re-appointment and have expressed willingness to continue in Office.

This report was approved by the Board on 29 March 2017 and signed on its behalf by



Ian Dew
Chief Financial Officer
29 March 2017

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Airtech Humidity Controls Limited

We have audited the financial statements of Airtech Humidity Controls Limited for the 16 months period ended 31 July 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs at 31 July 2016 and of its profit for the 16 months period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Airtech Humidity Controls Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.



Zishan Nurmohamed (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

Date 29/03/2017

Statement of comprehensive income

For the period ended 31 July 2016

		16 Months ended 31 July 2016	Year ended 31 March 2015
	Notes	£	£
Turnover	4	4,453,212	3,438,680
Cost of sales		(2,726,240)	(2,003,250)
Gross profit		1,726,972	1,435,430
Administrative expenses		(1,540,899)	(1,200,061)
Operating profit	5	186,073	235,369
Interest payable and similar expenses	6	(50,494)	(56,513)
Profit on ordinary activities before tax		135,579	178,856
Income tax	8	(43,240)	(37,780)
Profit for the period/year		92,339	141,076
Other comprehensive income		-	-
Total comprehensive income		92,339	141,076

Results for the current and prior periods arise solely from continuing operations.

Statement of financial position

at 31 July 2016

	Notes	31 July 2016 £	31 March 2015 £	As at 1 April 2014 £
Fixed assets				
Tangible assets	9	244,924	256,219	278,202
Current assets				
Stocks	10	298,321	521,150	429,709
Trade and other debtors	11	453,496	677,334	681,771
Amounts owed by group undertakings		109,699	-	-
Cash at bank and in hand		326,940	141,212	142,433
		<u>1,188,456</u>	<u>1,339,696</u>	<u>1,253,913</u>
Creditors: amounts falling due within one year				
Trade and other creditors	12	(406,675)	(627,983)	(719,344)
Amounts owed to group undertakings		(623,027)	(659,163)	(596,228)
Provisions	13	(21,000)	-	-
		<u>(1,050,702)</u>	<u>(1,287,146)</u>	<u>(1,315,572)</u>
Net current assets/(liabilities)		<u>137,754</u>	<u>52,550</u>	<u>(61,659)</u>
Total assets less current liabilities		<u>382,678</u>	<u>308,769</u>	<u>216,543</u>
Creditors: amounts falling due after one year	12	(55,854)	(74,284)	(100,912)
Net assets		<u>326,824</u>	<u>234,485</u>	<u>115,631</u>
Capital and reserves				
Share capital	14	100	100	100
Profit and loss account		<u>326,724</u>	<u>234,385</u>	<u>115,531</u>
Total equity		<u>326,824</u>	<u>234,485</u>	<u>115,631</u>

The financial statements of Airtech Humidity Controls Limited (registered number 03107083) were approved by the Board of Directors and authorised for issue on 29 March 2017.

On behalf of the board



Ian Dew
Chief Financial Officer

Statement of changes in equity

For the period ended 31 July 2016

	Notes	Share capital £	Profit and loss account £	Total £
At 1 April 2014		100	115,531	115,631
Profit for the year		-	141,076	141,076
Dividends paid	15	-	(22,222)	(22,222)
At 31 March 2015		100	234,385	234,485
Profit for the period		-	92,339	92,339
At 31 July 2016		100	326,724	326,824

Notes to the financial statements

at 31 July 2016

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements present the results and financial position of Airtech Humidity Controls Limited ("the Company") for the 16 months period ended 31 July 2016. The Company is a private limited company and is incorporated and domiciled in England and Wales. The address of the Company's registered office is Fleming Way, Crawley, West Sussex, RH10 9YX.

The financial statements were authorised for issue by the board of directors on 29 March 2017 and the balance sheet was signed on the board's behalf by Ian Dew.

The financial statements have been prepared in accordance with FRS 101, under the historical cost convention and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of IFRS 7 'Financial Instruments: Disclosures'
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements'
- The requirements of IAS 7 'Statement of Cash Flows'.
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures'.
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'

Notes to the financial statements (continued)

at 31 July 2016

2. Accounting policies (continued)

Going concern

The directors confirm that after making appropriate enquiries, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The directors' responsibilities are set out on page 6 and should be read in conjunction with this statement.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable. Turnover is reduced for estimated customer returns, rebates and other similar allowances that are calculated based upon the price of goods, volumes and product mix purchased by the customer. Turnover is stated net of settlement discounts, VAT, other sales taxes and duties.

Sale of goods

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

- the Company has transferred ownership of the goods when the significant risks and rewards have passed to the buyer, usually on the delivery of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position are expressed in GBP (£), which is also the functional currency of the Company.

In preparing the financial statements transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

Non-monetary items that are measured in historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

Notes to the financial statements (continued)

at 31 July 2016

2. Accounting policies (continued)

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from, or payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions:

- Where the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that the directors consider it is probable that there will be taxable profits from which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates enacted or substantively enacted by the reporting date.

The carrying amount of deferred income tax assets is reviewed at each reporting date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities.

Deferred income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the tangible asset; when significant parts of tangible assets are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is charged so as to write off the cost or valuation of assets, except freehold land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Fixtures, fittings, tools, equipment and vehicles – 4 - 10 years

The gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income as part of administrative expenses.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Finished goods: cost of direct materials and labour and an appropriate portion of fixed and variable overhead expenses based on normal operating capacity, but excluding borrowing costs.

Net realisable value represents the estimated selling price for stocks less all estimated costs of completion and costs necessary to make the sale.

Notes to the financial statements (continued)

at 31 July 2016

2. Accounting policies (continued)

Trade and other debtors

Trade and other debtors are recognised when it is probable that a future economic benefit will flow to the Company. Trade and other debtors are carried at original invoice or contract amount less any provisions for discounts and doubtful debts. Provisions are made where there is evidence of a risk of non-payment taking into account ageing, previous experience and general economic conditions.

Cash and cash equivalents

Cash and short-term deposits comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions for the expected costs of maintenance guarantees are charged against profits when products have been invoiced.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The timing of cash outflows are by their nature uncertain and are therefore best estimates. Provisions are not discounted as the time value of money is not considered material.

Financial assets

Initial recognition and measurement

Financial assets within the scope are classified as loans and receivables.

All financial assets are recognised initially at fair value plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and short-term deposits, trade and other receivables and group receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable and similar income in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the financial statements (continued)

at 31 July 2016

2. Accounting policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified at initial recognition as loans and borrowings and payables. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables and loans including intercompany payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in interest receivable and similar income and interest payable and similar expenses.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Creditors

Creditors are obliged to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Leasing commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor. All other leases are classified as operating leases.

Payments under operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

Pensions

Contributions to defined contribution schemes are recognised in the statement of comprehensive income in the period they become payable. The cost charged to the statement of comprehensive income of providing retirement pensions for employees represents the amounts paid by the Company to various defined contribution pension schemes operated by the Group in the financial period.

Dividends

Dividends are recognised when they meet the criteria for recognition as a liability. In relation to final dividends, this is when the dividend is approved by the directors in the general meeting, and in relation to interim dividends, when paid.

Notes to the financial statements (continued)

at 31 July 2016

2. Accounting policies (continued)

New standards and interpretations

The following standards and interpretations have an effective date after the date of these financial statements. The Company plans to adopt them from the effective dates adopted by EU and is currently completing an impact assessment to be able to quantify the effect the new standards will have on the company financial statements.

<i>Standard or interpretation</i>	<i>Title</i>	<i>Effective for accounting periods beginning on or after</i>
IAS 1	Disclosure initiative – Amendments to IAS 1	1 January 2016
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 7	Disclosure Initiative - Amendments to IAS 7	1 January 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018
IFRS 16	Leases	1 January 2019

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when these financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Provisions against receivables

Using information available at the balance sheet date, the Directors make assumptions on the estimated debt recovery rates, based on experience, regarding the level of provision required to account for potentially uncollectible receivables. As a result of the acquisition of the company during the period, the process for estimating provisions against receivables has been brought in-line with Group policy, consequently the provision against receivables increased by £16,000.

Provisions against inventory

Inventory provisions include obsolescence and write-downs which take into account historical information related to sales trends and stock counts and represent the expected write-down between the estimated net realisable value and the original cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. As a result of the acquisition of the company during the period, the process for estimating provisions against inventory has been brought in-line with Group policy, consequently the provision against inventory increased by £38,000.

Notes to the financial statements (continued)

at 31 July 2016

4. Turnover

Turnover recognised in the statement of comprehensive income is split by geographical area as follows:

	16 Months ended 31 July 2016 £	Year ended 31 March 2015 £
United Kingdom	4,453,212	3,438,680

5. Operating profit

Operating profit is stated after charging/(crediting):

	16 Months ended 31 July 2016 £	Year ended 31 March 2015 £
Inventory recognised as an expense	1,551,647	1,231,014
Depreciation of tangible assets	130,177	92,471
Auditors remuneration	-	2,000
Profit on disposal of tangible assets	(573)	(8,250)

The current period audit fees were borne by a fellow group undertaking.

6. Interest payable and similar expenses

	16 Months ended 31 July 2016 £	Year ended 31 March 2015 £
Interest payable and similar expenses:		
Hire purchase	16,257	15,673
Factoring charges	34,237	40,840
	50,494	56,513

Notes to the financial statements (continued)

at 31 July 2016

7. Staff costs

	16 Months ended 31 July 2016 £	Year ended 31 March 2015 £
Wages and salaries	1,300,563	984,296
Social security costs	112,886	88,595
Other pension costs	3,980	180
	<u>1,417,429</u>	<u>1,073,071</u>

Other pension costs relate to the Company's contribution to defined contribution pension plans. Total contributions payable in the next financial year are expected to be at rates broadly similar to those in 2015/15 but based on actual salary levels in 2016/16.

Average monthly number of employees in the period

	16 Months ended 31 July 2016 No.	Year ended 31 March 2015 No.
Production	23	21
Sales and administration	19	19
	<u>42</u>	<u>40</u>

Directors' emoluments

	16 months ended 31 July 2016 £	Year ended 31 March 2015 £
Emoluments	191,833	150,942
Pension contribution	900	-
	<u>192,733</u>	<u>150,942</u>

In respect of the highest paid Director

Emoluments	<u>86,370</u>	<u>71,686</u>
	<u>86,370</u>	<u>71,686</u>

3 (2015: 3) Directors were members of the money purchase pension scheme during the year.

In addition to the directors remuneration paid as per above two further directors receive remuneration from a fellow group undertaking, Volution Group plc, in respect of services to the group of which the Company is a member. Total remuneration paid by the enlarged group to these directors of the Company (including pension scheme contributions) was £1,095,000 (2015 – £1,102,000). It is not possible to identify the proportion of this remuneration that relates to services to this Company.

Notes to the financial statements (continued)

at 31 July 2016

8. Income taxes

(a) Income tax recognised in profit for the period:

	16 Months ended 31 July 2016 £	Year ended 31 March 2015 £
Current income tax:		
Current income tax expense	40,614	37,780
Total current tax	40,614	37,780
Deferred tax:		
Recognition of previously unrecognised deferred tax	2,626	-
Total deferred tax	2,626	-
Net tax charge	43,240	37,780

(b) Reconciliation of total tax

The tax charge for the period differs from the standard rate of UK corporation tax for the period of 20.00% (2015 – 21.00%). The differences are reconciled below:

	16 Months ended 31 July 2016 £	Year ended 31 March 2015 £
Profit before tax	135,579	178,856
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20.00% (2015 – 21.00%)	27,116	37,560
Expenses not deductible for tax purposes	1,197	-
Movement in unrecognised deferred tax	12,301	220
Recognition of previously unrecognised deferred tax	2,626	-
Tax charge reported in the statement of comprehensive income	43,240	37,780

(c) Deferred tax balances

Deferred tax liabilities arise from the following:

	1 April 2014 £	Charged to income £	1 April 2015 £	Charged to income £	31 July 2016 £
Temporary differences:					
Depreciation in advance of capital allowances	-	-	-	(2,626)	(2,626)

Notes to the financial statements (continued)

at 31 July 2016

9. Tangible assets

*Fixtures,
fittings, tools,
equipment and
vehicles*
£

Cost:

At 1 April 2015	501,717
Additions	126,659
Disposals	(31,958)
At 31 July 2016	<u>596,418</u>

Depreciation:

At 1 April 2015	245,498
Charge for the period	130,177
Disposals	(24,181)
At 31 July 2016	<u>351,494</u>

Net book value:

At 31 July 2016	<u>244,924</u>
At 31 March 2015	<u>256,219</u>

10. Stocks

	31 July 2016 £	31 March 2015 £	As at 1 April 2014 £
Finished goods and goods for resale	<u>298,321</u>	<u>521,150</u>	<u>429,709</u>

11. Trade and other debtors

	31 July 2016 £	31 March 2015 £	As at 1 April 2014 £
Trade debtors	473,033	676,234	671,694
Allowance for doubtful debts	(21,023)	-	-
	<u>452,010</u>	<u>676,234</u>	<u>671,694</u>
Other debtors	1,486	1,100	10,077
	<u>453,496</u>	<u>677,334</u>	<u>681,771</u>

Notes to the financial statements (continued)

at 31 July 2016

12. Trade and other creditors: amounts falling due within one year

	31 July 2016 £	31 March 2015 £	As at 1 April 2014 £
Hire purchase contract	63,803	63,539	77,084
Trade creditors	62,022	40,686	74,526
Social security and staff welfare costs	25,062	62,843	37,402
Other creditors	255,788	460,915	530,332
	<u>406,675</u>	<u>627,983</u>	<u>719,344</u>

Trade and other creditors: amounts falling due after one year

	31 July 2016 £	31 March 2015 £	As at 1 April 2014 £
Hire purchase contract	53,228	74,284	100,912
Deferred tax	2,626	-	-
	<u>55,854</u>	<u>63,539</u>	<u>77,084</u>

13. Provisions

	Product warranties £
At 1 April 2015	-
Arising during the year	21,000
Utilised	-
At 31 July 2016	<u>21,000</u>

Analysis:

Current at 31 July 2016	21,000
Non-current at 31 July 2016	-
Current at 1 April 2015	-
Non-current at 1 April 2015	-

Product warranties

A provision is recognised for warranty costs expected to be incurred in the following 12 months on products sold during the year and in prior years. Product warranties can range between one and five years; however, based on management's knowledge of the products, claims in relation to warranties after more than twelve months are rare and immaterial.

14. Share capital

	31 July 2016		31 March 2015		At 1 April 2014	
Allotted, called up and fully paid	No.	£	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100	100	100

Notes to the financial statements (continued)

at 31 July 2016

15. Dividends paid and proposed

	16 Months ended 31 July 2016	Year ended 31 March 2015
	£	£
Cash dividends on ordinary shares declared and paid:		
Interim dividend for 2016: £nil per share (2015: £222.22 per share)	-	22,222

16. Related party transactions

The Company has taken advantage of the exemption available under FRS 101 from the requirements in IAS 24 Related Party Disclosures not to disclose transactions with other wholly owned members of the Volution Group plc group ('the Group'), as 100% of the Company's voting rights are controlled within the Group and Group financial statements in which the Company is included are publicly available. In the year to 31 March 2015 the company took advantage of the exemption available under UK GAAP not to disclose transactions with other wholly owned members of the N V A Services Limited group, as 100% of the Company's voting rights were controlled within the N V A Services Limited Group and financial statements in which the Company was included are publicly available.

17. Commitments and contingencies

Operating lease commitments

The Company has entered into commercial leases. There are no restrictions placed upon the Company by entering into these contracts.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 July 2016	31 March 2015
	£	£
Within one year	215	215
After one year but not more than five years	341	646
	<u>556</u>	<u>861</u>

18. Controlling parties

The Company's immediate parent undertaking is N V A Services Limited.

As a result of a change of ownership of the company's parent undertaking during the period, the parent undertaking of the largest and smallest group for which consolidated financial statements are drawn up that include the results of the Company is Volution Group plc, a public company incorporated in England and Wales. Copies of the group financial statements of Volution Group plc are available from Fleming Way, Crawley, West Sussex RH10 9YX.

Prior to the acquisition and for the year ended 31 March 2015 the largest and smallest group for which consolidated financial statements were drawn up was N V A Services Limited.

The directors consider the ultimate parent and controlling party of the Company to be Volution Group plc.

Notes to the financial statements (continued)

at 31 July 2016

19. Transition to FRS 101

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the period ended 31 July 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 April 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 April 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. There were no adjustments made by the Company in restating its balance sheet as at 1 April 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 March 2015.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".