

BALTON CP LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2014

FILING COPY

TUESDAY



A4G0CSTL

A18

15/09/2015

#334

COMPANIES HOUSE

BALTON CP LIMITED

CONTENTS

YEAR ENDED 31 DECEMBER 2014

	Page
Company information	1
Directors' report	2
Directors' responsibilities statement	3
Group strategic report	4-5
Independent auditor's report	6-7
Consolidated profit and loss account	8
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the financial statements	15 - 42

BALTON CP LIMITED

COMPANY INFORMATION

DIRECTORS

A J Schreier
R M Levy
P A Filer

COMPANY SECRETARY

E Lewis

REGISTERED OFFICE

CP House
Otterspool Way
Watford By-Pass
Herts
WD25 8HG

INDEPENDENT AUDITOR

Blick Rothenberg LLP
Chartered Accountants & Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

LEGAL FORM

Limited company

COUNTRY OF INCORPORATION England

BALTON CP LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Results and dividends

The loss for the year, after taxation, amounted to \$1,090,470 (2013: profit of \$1,070,351).

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

A J Schreier
R M Levy
P A Filer

Matters covered in the strategic report

As permitted by S414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that he ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board and signed on its behalf by:

Paul Filer

P A Filer
Director

Date: 31 July 2015

BALTON CP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors are responsible for preparing the group strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable him to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BALTON CP LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Principal activity

The principal activity of the group continued to be that of international traders.

Adoption of FRS102

This is the first year that the group and company are presenting their results under FRS102. Whilst application of FRS102 is mandatory for accounting periods starting on or after 1 January 2015, the directors made the decision to adopt FRS102 in preparing these financial statements. The directors considered this to be appropriate in light of both the international nature of the group's operations and key stakeholders, due to FRS102 being more closely aligned with International Financial Reporting Standards.

Review of the business, principal risks and future developments

The results for the year and the financial position at the year end were considered disappointing by the directors. Despite growth in turnover, pressure on operating margins coupled with increased interest and tax charges have resulted in a loss for the year. The directors do however expect a return to controlled growth and profitability, subject to unpredictable foreign currency movements, in the foreseeable future.

Turnover for the year amounted to \$164m, compared with the turnover in 2013 of \$151m, an increase of 9%. Operating results have decreased from a profit of \$5,622,708 in 2013 to a profit of \$5,410,338 for 2014, a decrease of 4%. The growth in turnover has resulted in increased stock and debtors of some \$9m, or 8%. This together with significant investment in subsidiary operations and facilities has been supported by increased banking facilities coupled with long-term shareholder loans of \$6.5m in 2014 and a further \$4.5m in 2015.

The group is exposed to the risks of exchange rate fluctuations as all of its turnover arises in Africa. As African currencies can be subject to significant fluctuations, the group undertakes high value sales in US Dollars. The group also restricts the amount of local currency that can be held by its operating subsidiaries in Africa.

Credit risk is significant in Africa with many customers requesting extended terms. Credit risk is controlled through continuous monitoring of overdue balances and debtor days and in certain cases work is not undertaken until contractual advance payments have been received.

The control of stocks is important to maintain local stocks in Africa to satisfy sales demand. The need to maintain adequate stock levels to overcome the lead time between order and delivery must be balanced with the liquidity constraints of the group.

The group manages its exposure to interest rate fluctuations by arranging financing at group level where possible to benefit from more advantageous borrowing terms. This practice also assists in managing the risk of exchange rate variations. Where extended credit terms are granted to customers, adequate compensation to the group is achieved through enhanced selling prices.

Environmental awareness is a key issue within the activities of the group with significant involvement in agricultural and horticultural sectors, water treatment and preventative measures for anti-malarial programmes. Specialist support and expertise is available through the employees of the group in Africa who constantly maintain their extensive knowledge through training in conjunction with supplier partnerships.

The directors are of the opinion that, given the nature of the group's activities, no direct ratios relating to environmental activities are applicable.

The group recognises that conducting business in Africa involves a significant exposure to political and economic risk. It seeks to manage its exposure to such risks by operating in a broad spread of countries and markets.

BALTON CP LIMITED

GROUP STRATEGIC REPORT (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2014

Employee involvement and disabled employees

The group has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitude and abilities. Appropriate arrangements are made, wherever possible, for retraining employees who become disabled, including retraining for alternative work, so as to further their career development within the group.

The group's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information on matters of concern to employees is given through information, memos and reports which seek to achieve a common awareness of factors affecting the group's performance.

There is no employee share scheme.

This report was approved by the board and signed on its behalf.



P A Filer
Director

Date: 31 July 2015

BALTON CP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALTON CP LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Balton CP Limited for the year ended 31 December 2014, set out on pages 8 to 42. 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors

As explained more fully in the directors' responsibilities statement, 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 statement

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 group's and the parent 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 annual report 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BALTON CP LIMITED

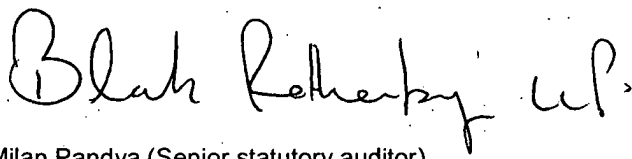
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BALTON CP LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2014

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Milan Pandya (Senior statutory auditor)

for and on behalf of
Blick Rothenberg LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 31 July 2015

BALTON CP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Turnover	3	163,551,766	150,911,305
Cost of sales		(112,120,296)	(101,327,328)
Gross profit		51,431,470	49,583,977
Distribution expenses		(3,372,079)	(2,958,859)
Administrative expenses		(44,951,702)	(42,573,637)
Other operating income	4	2,302,649	1,571,227
Operating profit	5	5,410,338	5,622,708
Net interest payable and similar charges	8	(2,515,903)	(2,160,466)
Profit on ordinary activities before taxation		2,894,435	3,462,242
Taxation on profit on ordinary activities	9	(3,984,905)	(2,391,891)
(Loss)/profit for the financial year		(1,090,470)	1,070,351
(Loss)/profit for the year attributable to:			
Non-controlling interest		(75,716)	(54,373)
Owners of the parent company		(1,014,754)	1,124,724
		(1,090,470)	1,070,351

All amounts relate to continuing operations.

The notes on pages 15 to 42 form part of these financial statements.

BALTON CP LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 \$	2013 \$
(Loss)/profit for the financial year	(1,090,470)	1,070,351
Other comprehensive loss		
Currency translation	(4,597,337)	(240,693)
Currency translation difference on change of functional currency of subsidiary undertakings (see note 1.1)	(3,261,641)	-
Other comprehensive loss for the year	(7,858,978)	(240,693)
Total comprehensive (loss)/income for the year	(8,949,448)	829,658
Total comprehensive (loss)/income for the year attributable to:		
Non-controlling interest	50,710	(295,066)
Owners of the parent company	(9,000,158)	1,124,724
	(8,949,448)	829,658

The notes on pages 15 to 42 form part of these financial statements.

BALTON CP LIMITED

REGISTERED NUMBER: 01291880

CONSOLIDATED BALANCE SHEET**AS AT 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
Fixed assets			
Tangible assets	11	25,889,291	30,540,844
		<u>25,889,291</u>	<u>30,540,844</u>
Current assets			
Stock	13	46,413,768	44,868,084
Debtors: amounts falling due within one year	14	68,624,969	61,530,820
Cash at bank and in hand		3,003,023	3,655,810
		<u>118,041,760</u>	<u>110,054,714</u>
Creditors: amounts falling due within one year	15	(81,535,663)	(76,627,648)
Net current assets		<u>36,506,097</u>	<u>33,427,066</u>
Total assets less current liabilities		<u>62,395,388</u>	<u>63,967,910</u>
Creditors: amounts falling due after more than one year	16	(15,576,545)	(9,986,446)
Provisions for liabilities and charges	18	(3,901,511)	(2,114,684)
Net assets		<u>42,917,332</u>	<u>51,866,780</u>
Capital and reserves			
Called up equity share capital	23	3,973,000	3,973,000
Revaluation reserve	21	12,530,323	12,771,404
Profit and loss account	21	31,195,550	31,969,223
Foreign exchange	21	(7,985,404)	
Shareholder's funds		<u>39,713,469</u>	<u>48,713,627</u>
Non-controlling interest		<u>3,203,863</u>	<u>3,153,153</u>
Total capital employed		<u>42,917,332</u>	<u>51,866,780</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



P A Filer
Director

Date: 31 July 2015

The notes on pages 15 to 42 form part of these financial statements.

BALTON CP LIMITED

REGISTERED NUMBER: 01291880

COMPANY BALANCE SHEET**AS AT 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
Fixed assets			
Tangible assets	11	630,601	617,110
Investments	12	26,602,731	19,602,731
		<u>27,233,332</u>	<u>20,219,841</u>
Current assets			
Debtors: amounts falling due within one year	14	38,029,765	33,735,202
Debtors: amounts falling due in more than one year	14	5,202,589	4,539,296
Cash at bank and in hand		81,083	144,063
		<u>43,313,437</u>	<u>38,418,561</u>
Creditors: amounts falling due within one year	15	(43,259,815)	(36,863,295)
Net current assets		<u>53,622</u>	<u>1,555,266</u>
Total assets less current liabilities		<u>27,286,954</u>	<u>21,775,107</u>
Creditors: amounts falling due after more than one year	16	<u>(9,613,991)</u>	<u>(3,521,202)</u>
Net assets		<u>17,672,963</u>	<u>18,253,905</u>
Capital and reserves			
Called up equity share capital	23	3,973,000	3,973,000
Profit and loss account		13,699,963	14,280,905
Shareholder's funds		<u>17,672,963</u>	<u>18,253,905</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Paul Filer

P A Filer
Director

Date: *31 July 2015*

The notes on pages 15 to 42 form part of these financial statements.

BALTON CP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2014

	Called up equity share capital \$	Profit and loss account \$	Revaluation reserve \$	Foreign exchange reserve \$	Shareholder's Funds \$	Non- controlling interest \$	Total capital employed \$
At 31 December 2012 as previously stated	3,973,000	30,623,418	-	-	34,596,418	3,448,219	38,044,637
Changes on transition to FRS102 (see note 27)	-	(20,000)	13,012,485	-	12,992,485	-	12,992,485
At 1 January 2013 as restated	3,973,000	30,603,418	13,012,485	-	47,588,903	3,448,219	51,037,122
Profit for the financial year	-	1,124,724	-	-	1,124,724	(54,373)	1,070,351
Other comprehensive income for the year – currency translation differences	-	-	-	-	-	(240,693)	(240,693)
Total comprehensive income for the year	-	1,124,724	-	-	1,124,724	(295,066)	829,658
Transfer to revaluation reserve	-	241,081	(241,081)	-	-	-	-
Total transactions recognised directly in equity	-	241,081	(241,081)	-	-	-	-
At 31 December 2013	3,973,000	31,969,223	12,771,404	-	48,713,627	3,153,153	51,866,780
Loss for the financial year	-	(1,014,754)	-	-	(1,014,754)	(75,716)	(1,090,470)
Other comprehensive income for the year – currency translation differences	-	-	-	(7,985,404)	(7,985,404)	126,426	(7,858,978)
Total comprehensive loss for the year	-	(1,014,754)	-	(7,985,404)	(9,000,158)	50,710	(8,949,448)
Transfer to revaluation reserve	-	241,081	(241,081)	-	-	-	-
Total transactions recognised directly in equity	-	241,081	(241,081)	-	-	-	-
At 31 December 2014	3,973,000	31,195,550	12,530,323	(7,985,404)	39,713,469	3,203,863	42,917,332

BALTON CP LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY****AS AT 31 DECEMBER 2014**

	Called up equity share capital \$	Profit and loss account \$	Total equity \$
At 31 December 2012 as previously stated	3,973,000	11,828,651	15,801,651
Changes on transition to FRS102 (see note 27)	-	(20,000)	(20,000)
At 1 January 2013 as restated	3,973,000	11,808,651	15,781,651
Profit for the financial year	-	2,472,254	2,472,254
Total comprehensive income for the year	-	2,472,254	2,472,254
At 31 December 2013	3,973,000	14,280,905	18,253,905
Loss for the financial year	-	(580,942)	(580,942)
Total comprehensive loss for the year	-	(580,942)	(580,942)
At 31 December 2014	3,973,000	13,699,963	17,672,963

BALTON CP LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
Cash flows from operating activities	24	(5,585,834)	974,591
Taxation		(2,239,694)	(1,027,519)
Net cash generated from operating activities		<u>(7,825,528)</u>	<u>(52,928)</u>
Cash flows from investing activities			
Proceeds from sale of tangible assets		1,592,716	465,906
Purchase of tangible assets		(4,111,855)	(3,859,510)
Interest received		29,000	24,888
Net cash from investing activities		<u>(2,490,139)</u>	<u>(3,368,716)</u>
Cash flows from financing activities			
Interest paid		(2,544,903)	(2,185,354)
Repayments of obligations under finance lease		(22,167)	(72,027)
Repayment of borrowings		(2,218,545)	(5,626,189)
New bank loans raised		2,778,372	6,482,569
New parent company funding received		6,500,000	-
Net cash from financing activities		<u>4,492,757</u>	<u>(1,401,001)</u>
Net decrease in cash and cash equivalents		<u>(5,822,910)</u>	<u>(4,822,645)</u>
Cash and cash equivalents at beginning of year		(7,803,614)	(2,980,969)
Cash and cash equivalents at the end of year		<u>(13,626,524)</u>	<u>(7,803,614)</u>
Cash and cash equivalents comprises:			
Cash at bank and in hand		3,003,023	3,655,810
Bank overdrafts		(16,629,547)	(11,459,424)
Cash and cash equivalents		<u>(13,626,524)</u>	<u>(7,803,614)</u>

The notes on pages 15 to 42 form part of these financial statements.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting policies

1.1 General information and basis of preparation of financial statements

Balton CP Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the group strategic report on pages 4 to 5.

The financial statements have been prepared under the historical convention in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and Companies Act 2006, under the provision of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015, but may be applied early to periods ending on or after 31 December 2012. Balton CP Limited has taken the option to apply the standard early in the preparation of these financial statements. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 27.

The functional currency of Balton CP Limited is considered to be US Dollars because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in US Dollars.

As a consequence of significant changes in economic facts, events and conditions impacting subsidiary companies such as a reduction in the proportion of US Dollar invoicing, an increase in the proportion of local currency financing and an increased dependency of sales prices to local market conditions, the directors have determined that those subsidiaries whose functional currency in previous reporting periods had been determined to be the US Dollar, had changed to being their local currency. FRS 102 requires a change in the functional currency to be accounted for prospectively from the date of change. For practical purposes this change was implemented with effect from 1 January 2014. At that date, the balance sheet in local currency was translated into US Dollar using the exchange rate at the date of change. Since that date, the subsidiaries' local currency financial statements have been included in the group financial statements using the closing rate method. The difference between the carrying amounts of assets and liabilities included in the group accounts as at 31 December 2013 and their carrying value as at 1 January 2014 after the change in functional currency of the subsidiaries is reported in shareholder's funds.

Foreign operations are included in the consolidated financial statements in accordance with the policies set out in note 1.13.

In preparing these financial statements management have applied certain critical accounting estimates. Management is required to exercise judgement in the process of applying the group and company 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 2.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No disclosures have been given for intra-group transactions;
- No statement of cash flows has been presented;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

The following principal accounting policies have been applied consistently to all periods presented unless otherwise stated:

1.2 Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

1.3 Going concern

The directors have a reasonable expectation that the group and the parent company have adequate resources to continue in operational existence and meet their liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group 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 group has transferred the significant risks and rewards of ownership to the buyer;
- the group 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; and
- it is probable that the group will receive the consideration due under the transaction.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost or, for certain land and buildings, deemed cost for assets revalued to fair value on transition to FRS102, 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 bases:

Leasehold land		Straight line over the life of the lease
Buildings	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures, fittings & equipment	-	10% - 33% straight line

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

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.

The difference between depreciation based on the deemed cost charged to the profit and loss account and the assets original cost is transferred from the revaluation reserves to retained earnings.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the profit and loss account.

1.6 Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1.7 Investments

Investments in subsidiaries in the company balance sheet comprises equity investments in shares and long-term intercompany loans that are in substance capital in nature. They are measured at cost less accumulated impairment.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1.8 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flow obtained as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

1.9 Stock and work in progress

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 reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

1.10 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 or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade debtors and trade creditors, loans from banks and other third parties and loans to related parties.

Debt instruments, such as loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, 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, such as 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 and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

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 profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the 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, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

1.12 Provisions and contingencies

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence of non-occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1.13 Foreign currency translation

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 profit and loss account 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 profit and loss account within interest receivable and similar income or interest payable and similar charges.

On consolidation, the results of overseas operations in their functional currencies are translated into US Dollar at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and allocated to non-controlling interest as appropriate.

1.14 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest rate 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.

1.15 Employee benefits

Balton CP Limited ("the company") participates in a group wide pension scheme administered by CP Holdings Limited providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. There is no contractual agreement or stated policy for charging the net deferred benefit costs of the scheme to individual group entities. Therefore, the amounts charged in the profit and loss account are the contributions payable in the year.

The group also operates various defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Employee entitlements to gratuity and long term service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by the employee.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it is attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity. In these circumstances tax is 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 reporting date in the countries where the company and the group operate and generate income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax is 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred assets and liabilities are not discounted.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 following are the critical judgements and estimations that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- **Impairment of trade and other debtors and stock:** Management review such balances on an annual basis. In determining whether there is a need for a provision, management is required to determine their best estimate of the future expected cash flows. In arriving at this estimate, management consider historical experience and current trends.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

- **Provision for liabilities:** The group assesses all potential liabilities and uncertainties in light of the requirements of FRS 102 Section 21 *Provisions and Contingencies*. In particular, the group assesses whether the likelihood of settlement is probable in which case provisions are recognised when the amounts can be reliably estimated. Potential liabilities that are either not probable and/or cannot be reliably measured are treated as contingent liabilities and separately disclosed in the financial statements.
- **Impairment of investments in subsidiary undertakings:** The carrying amounts of the company's investment in subsidiaries, including related long term intercompany loans, are reviewed at each balance sheet date to determine whether there is any indication of impairment as required by FRS 102 Section 27 *Impairment of Assets*. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the greater of net realisable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate pre-tax discount rate. Impairment losses are recognised in the profit and loss account. The directors regard each subsidiary as a cash generating unit.

3. Turnover

An analysis of the group's turnover by class of business is set out below.

	2014 \$	2013 \$
Turnover:		
Agriculture	119,188,083	111,079,457
Communication	34,571,388	26,302,859
Electro-mechanical	8,661,552	5,751,579
Other	1,130,743	7,777,410
	<u>163,551,766</u>	<u>150,911,305</u>

An analysis of the group's turnover by geographical market is set out below.

	2014 \$	2013 \$
Africa	<u>163,551,766</u>	<u>150,911,305</u>

An analysis of the group's turnover by category is as follows:

	2014 \$	2013 \$
Sale of goods	<u>163,551,766</u>	<u>150,911,305</u>

4. Other operating income

	2014 \$	2013 \$
Other operating income	839,153	1,499,292
Profit on disposal of fixed assets	1,463,496	71,935
	<u>2,302,649</u>	<u>1,571,227</u>

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

5. Operating profit

The operating profit is stated after charging:

	2014 \$	2013 \$
Depreciation of tangible fixed assets		
- owned by the company	1,972,939	2,092,094
- held under finance lease	149,509	-
Operating lease rentals	2,362,181	2,589,801
Exchange differences	2,458,065	2,455,756
Impairment of trade debtors	904,438	794,785
Impairment of stock	446,553	197,414
Profit on disposal of fixed assets	1,463,496	71,935
	<u>1,463,496</u>	<u>71,935</u>

6. Auditor's remuneration

	2014 \$	2013 \$
Fees payable to the company's auditors:		
- for the audit of the company's annual accounts	161,949	157,700
- taxation compliance services	11,710	11,388
- taxation advisory services	35,396	16,100
	<u>209,055</u>	<u>185,188</u>

7. Employees

Staff costs were as follows:

	2014 \$	2013 \$
Wages and salaries	18,065,085	16,703,593
Social security costs	588,556	454,596
Cost of defined contribution scheme	458,667	556,680
Staff leave and long-term benefits accrual	466,407	477,505
	<u>19,578,715</u>	<u>18,192,374</u>

The average monthly number of employees, including executive directors, during the year was as follows:

	2014 No.	2013 No.
Production	428	407
Sales and distribution	345	311
Finance	73	76
Administration	262	224
Management	79	68
	<u>1,187</u>	<u>1,086</u>

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

7. Employees (continued)

Directors' remuneration	2014	2013
	\$	\$
Emoluments	<u>250,000</u>	<u>250,000</u>
Key management compensation		

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2014	2013
	\$	\$
Salaries and other short-term benefits	<u>2,486,082</u>	<u>2,287,335</u>

8. Net interest payable and similar charges

	2014	2013
	\$	\$
Bank interest payable	2,358,000	2,067,971
Interest payable on loans from parent company	186,903	117,383
Bank interest receivable	(29,000)	(24,888)
	<u>2,515,903</u>	<u>2,160,466</u>

9. Taxation

Tax expense included in profit and loss account	2014	2013
	\$	\$
UK corporation tax		
Current tax on profits for the year	-	113,183
Adjustment in respect of previous period	-	13,829
	<u>-</u>	<u>127,012</u>
Foreign tax		
Foreign tax on income for the year	2,089,889	2,553,554
Adjustments in respect of previous periods (see note 19)	1,679,313	69,610
	<u>3,769,202</u>	<u>2,623,164</u>
Total current tax	<u>3,769,202</u>	<u>2,750,176</u>
Deferred tax		
Origination and reversal of timing differences	215,703	(358,285)
Total deferred tax	<u>215,703</u>	<u>(358,285)</u>
Tax on profit on ordinary activities	<u>3,984,905</u>	<u>2,391,891</u>

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013: higher than) the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 \$	2013 \$
Profit on ordinary activities before tax	2,894,435	3,462,242
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	622,304	804,971
Effects of:		
Expenses not deductible for tax purposes	712,812	509,460
Income not taxable	(512,640)	(38,729)
Utilisation of tax losses	(62,844)	-
Adjustments to tax charge in respect of previous periods	1,679,313	83,439
Irrecoverable withholding tax	162,337	167,204
Losses not relieved for tax	648,432	477,017
Difference in rate of tax	398,998	400,429
Minimum tax payable	71,051	51,583
Other differences	49,439	294,802
Deferred tax	215,703	(358,285)
Total tax charge for the year	3,984,905	2,391,891

Factors that may affect future tax charges

As at the balance sheet date, there were tax losses in the company and subsidiary undertakings of \$5,224,000 (2013: \$5,639,000) available to be carried forward and set off against future taxable profits. This gives rise to a potential deferred tax asset of approximately \$1,723,000 (2013: \$1,733,000) which has not been recognised in the financial statements in view of the uncertainty as to the level of future taxable profits in the subsidiary undertakings.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes have not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

10. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account and statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was \$580,942 (2013: profit of \$2,472,254).

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

11. Tangible fixed assets Group

	Freehold land and buildings \$	Long leasehold property \$	Motor vehicles \$	Fixtures & fittings \$	Total \$
Cost or valuation					
At 1 January 2014	257,014	25,841,359	7,232,494	11,238,942	44,569,809
Additions	-	1,960,865	1,187,177	963,813	4,111,855
Disposals	-	(74,877)	(275,773)	(13,623)	(364,273)
Exchange adjustment/reclassification	(257,014)	(3,522,636)	(2,412,135)	(5,401,748)	(11,593,533)
At 31 December 2014	-	24,204,711	5,731,763	6,787,384	36,723,858
Depreciation					
At 1 January 2014	63,968	2,197,863	4,670,196	7,096,938	14,028,965
Charge for the year	-	544,581	819,244	758,623	2,122,448
Eliminated on disposals	-	(52,571)	(175,692)	(6,790)	(235,053)
Exchange adjustment/reclassification	(63,968)	174,937	(1,662,068)	(3,530,694)	(5,081,793)
At 31 December 2014	-	2,864,810	3,651,680	4,318,077	10,834,567
Net book value					
At 31 December 2014	-	21,339,901	2,080,083	2,469,307	25,889,291
At 31 December 2013 as restated	193,046	23,643,496	2,562,298	4,142,004	30,540,844

The group applied the transitional option contained in Section 35 of FRS102 to use a valuation as the deemed cost for certain long leasehold properties as at the date of transition to the standard. The valuations were performed by an independent valuer on the date of transition to FRS 102, being 1 January 2013. The properties are being depreciated from the valuation date. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to the profit and loss account. The effect of the transition to FRS102 on the net book value of fixed assets as at the date of transition and 31 December 2013 is set out in note 27.

Analysis of land and buildings valued at the date of transition to FRS102 using the deemed cost option:

	2014 \$	2013 \$
Historical cost equivalent	3,706,208	3,549,184
Revaluation	14,128,234	17,051,039
Net book value	17,834,442	20,600,223

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

11. Tangible fixed assets (continued)

Long leasehold land and buildings with a carrying amount of \$6,922,706 (2013: \$8,477,039) have been pledged to secure borrowing procured by various subsidiary undertakings as further detailed in note 16.

The net book value of land, included in freehold land and buildings and long leasehold property above, comprises:

	2014 \$	2013 \$
Long leasehold property	<u>12,919,422</u>	<u>15,228,213</u>

Included in the cost of fixtures & fittings are assets in the course of construction in the amount of \$1,905,991 (2013:\$nil).

The net carrying amount of assets held under finance leases included in motor vehicles is \$222,621 (2013:\$nil).

Company

	Motor vehicles \$	Fixtures & fittings \$	Total \$
Cost or valuation			
At 1 January 2014	211,714	1,318,911	1,530,625
Additions	79,670	158,932	238,602
At 31 December 2014	<u>291,384</u>	<u>1,477,843</u>	<u>1,769,227</u>
Depreciation			
At 1 January 2014	166,126	747,389	913,515
Charge for the year	38,189	186,922	225,111
At 31 December 2014	<u>204,315</u>	<u>934,311</u>	<u>1,138,626</u>
Net book value			
At 31 December 2014	<u>87,069</u>	<u>543,532</u>	<u>630,601</u>
At 31 December 2013	<u>45,588</u>	<u>571,522</u>	<u>617,110</u>

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

12. Fixed asset investments

The following were subsidiary undertakings of the company:

Company	Investments in subsidiary companies \$	Loans to subsidiaries \$	Total \$
Cost or valuation			
At 1 January 2014	12,802,731	6,800,000	19,602,731
Transfers as a result of capitalisation of intercompany debt	6,800,000	(6,800,000)	-
Capitalisation of intercompany debt	2,000,000	-	2,000,000
Transfers from intercompany debtors	-	5,000,000	5,000,000
At 31 December 2014	21,602,731	5,000,000	26,602,731

Loans to subsidiary undertakings represent amounts transferred from 'amounts owed by group undertakings' previously included within current assets.

Details of subsidiary undertakings are as follows:

Subsidiary undertakings	Country of incorporation or principal business address	Principal activity	Holdings	%
Amiran Communications Limited	Kenya	International trading	Ordinary	100
Amiran Limited	Zambia	International trading	Ordinary	100
Amiran Kenya Limited	Kenya	International trading	Ordinary	100
Balton B.V. DWA (Nigeria) Limited	Nigeria	International trading	Ordinary	100
Balton Rwanda Limited	Rwanda	International trading	Ordinary	100
Balton Tanzania Limited	Tanzania	International trading	Ordinary "B"	100
Balton (U) Limited	Uganda	International trading	Ordinary	100
Dizengoff Ghana Limited	Ghana	International trading	Ordinary "A"	82
Dizengoff West Africa (Nigeria) Limited	Nigeria	International trading	Ordinary	91
Soloplant Limited (held by Amiran Kenya Limited)	Kenya	International trading	Ordinary	51
Ghana Smartcomm Limited (held by Dizengoff Ghana Limited)	Ghana	Dormant	Ordinary	20
Telkor Communication System (held by Amiran Limited)	Zambia	Dormant	Ordinary	70
Bamiri Limited	Kenya	Dormant	Ordinary	100

All of the above subsidiaries are included in the consolidation.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

12. Fixed asset investments (continued)

The directors re-assessed the impairment review performed in the year ended 31 December 2013, replacing budgeted cash flows with actual amounts. This re-assessment indicated an impairment of \$283,000 should have been recognised in the year ended 31 December 2013. However, based upon the results of the impairment review for the current period, this impairment is no longer deemed necessary and no further impairment has been identified in respect of the year ended 31 December 2014.

13. Stock	Group 2014 \$	Group 2013 \$	Company 2014 \$	Company 2013 \$
Work in progress	7,861,603	7,330,591	-	-
Finished goods and goods for resale	38,552,165	37,537,493	-	-
	<u>46,413,768</u>	<u>44,868,084</u>	<u>-</u>	<u>-</u>

There is no significant difference between the replacement cost of the inventory and its carrying amount.

14. Debtors

	Group 2014 \$	Group 2013 \$	Company 2014 \$	Company 2013 \$
Amounts falling due in more than one year				
Amounts owed by group undertakings	-	-	5,202,589	4,539,296
	-	-	5,202,589	4,539,296
Amounts falling due within one year				
Trade debtors	52,083,620	46,345,229	5,112,562	5,346,248
Amounts owed by group undertakings	-	-	29,883,448	26,310,745
Other debtors	10,973,801	11,472,262	2,600,060	1,536,171
Deferred taxation	1,100,181	802,357	-	-
Tax recoverable	1,193,283	1,310,514	198,467	299,165
Prepayments and accrued income	3,274,084	1,600,458	235,228	242,873
	<u>68,624,969</u>	<u>61,530,820</u>	<u>38,029,765</u>	<u>33,735,202</u>
Total debtors	<u>68,624,969</u>	<u>61,530,820</u>	<u>43,232,354</u>	<u>38,274,498</u>

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15. Creditors: Amounts falling due within one year

	Group 2014 \$	Group 2013 \$	Company 2014 \$	Company 2013 \$
Bank overdrafts	16,629,547	11,459,424	7,932,778	6,658,515
Bank loans	2,001,939	1,302,041	-	-
Payments received on account	3,378,716	5,323,753	308,024	186,878
Obligations under finance leases	54,973	60,736	-	-
Trade creditors	43,314,471	38,636,726	31,380,141	26,960,240
Amounts owed to group undertakings	485,897	262,899	485,897	262,899
Corporation tax	1,558,456	717,893	136,000	136,000
Taxation and social security	939,381	278,231	79,990	55,072
Other creditors	7,374,771	14,071,681	347,045	279,644
Accruals and deferred income	5,797,512	4,514,264	2,589,940	2,324,047
	<u>81,535,663</u>	<u>76,627,648</u>	<u>43,259,815</u>	<u>36,863,295</u>

The group has granted a floating charge over its assets to secure bank overdrafts of \$7,678,317 (2013: \$4,146,480).

The bank loans are secured on long leasehold properties of certain subsidiary undertakings with a carrying value of \$6,922,706 (2013: \$8,477,039).

The group has leased motor vehicles which are considered to meet the definition of finance leases and are accounted for accordingly.

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

	Group 2014 \$	Group 2013 \$	Company 2014 \$	Company 2013 \$
Bank loans	4,112,992	4,624,265	-	-
Obligations under finance leases	61,326	12,577	-	-
Amounts owed to parent company	9,613,991	3,113,991	9,613,991	3,113,991
Other creditors	1,788,236	2,235,613	-	407,211
	<u>15,576,545</u>	<u>9,986,446</u>	<u>9,613,991</u>	<u>3,521,202</u>

The bank loans are secured on long leasehold properties of certain subsidiary undertakings with a carrying value of \$6,922,706 (2013: \$8,477,039).

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

16. Creditors: Amounts falling due after more than one year (continued)

The group has the following secured bank loans at the year end:

Amiran Kenya Limited has a medium term loan facility to be repaid in 60 equal monthly instalments. The weighted average effective interest rate applied is 5.25% per annum. The security for the facility is a legal charge over the company's long leasehold property with a carrying value of \$3,416,554 (2013: \$3,625,310) and a fixed and floating charge over the company's other assets.

Dizengoff Ghana Limited obtained a medium term loan facility to be repaid in 24 equal monthly instalments. The interest rate applicable is 23% per annum. The facility is secured by a charge over the company's long leasehold property with a carrying value of \$2,372,886 (2013: \$3,625,243) and a fixed and floating charge over the company's other assets.

Balton Tanzania Limited obtained a long term loan facility to be repaid in 126 equal monthly instalments. The interest rate applied is 9% per annum. The security for the facility is a charge over the company's long leasehold property with a carrying value of \$625,540 (2013: \$696,532), and a charge over the company's other assets and parent company and directors' personal guarantees.

Soloplant Limited has a medium term loan facility to be repaid in 27 equal monthly instalments. The weighted average effective interest rate applied is 6% per annum. The security for the facility is a charge over the company's leasehold property with a carrying value of \$507,726 (2013: \$529,954), charge over the company's other assets.

17. Loans and borrowings

Borrowings are repayable as follows:

	Group 2014 \$	Group 2013 \$	Company 2014 \$	Company 2013 \$
Bank loans				
Amounts falling due within one year	2,001,939	1,302,041	-	-
Amounts falling due within 1-2 years	1,978,689	1,443,090	-	-
Amounts falling due within 2-5 years	1,966,602	3,181,175	-	-
Amounts falling due after more than 5 years	167,701	-	-	-
	<u>6,114,931</u>	<u>5,926,306</u>	<u>-</u>	<u>-</u>
Finance leases				
Amounts falling due within one year	54,973	60,736	-	-
Amounts falling due within 1-2 years	35,043	12,577	-	-
Amounts falling due within 2-5 years	26,283	-	-	-
	<u>116,299</u>	<u>73,313</u>	<u>-</u>	<u>-</u>
Total borrowings including finance leases				
Amounts falling due within one year	2,056,912	1,362,777	-	-
Amounts falling due within 1-2 years	2,013,732	1,455,667	-	-
Amounts falling due within 2-5 years	1,992,885	3,181,175	-	-
Amounts falling due after more than 5 years	167,701	-	-	-
	<u>6,231,230</u>	<u>5,999,619</u>	<u>-</u>	<u>-</u>

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

18. Provisions for liabilities

	Deferred taxation \$	Other provisions \$	Total \$
Group			
At 1 January 2014	2,114,684	-	2,114,684
Movement in the year	(213,173)	2,000,000	1,786,827
At 31 December 2014	<u>1,901,511</u>	<u>2,000,000</u>	<u>3,901,511</u>

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Other provisions represent management's best estimate of the amounts owed in respect of overseas tax issues and associated costs. The tax element of the provision which amounts to \$1,690,000 is included within adjustments to the foreign tax charge in respect of previous periods (see note 9).

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

19. Deferred taxation

Group

The deferred tax included in the balance sheet is made up as follows:

	Deferred tax assets		Deferred tax liabilities		Net balance at 31 December	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Fixed asset timing differences	(129,640)	(281,540)	(1,902,425)	(2,114,684)	(2,032,065)	(2,396,224)
Provisions	190,976	172,525	87,159	-	278,135	172,525
Unrealised foreign exchange differences	(89,914)	132,753	27,364	-	(62,550)	132,753
Trading losses carried forward	64,153	4,446	-	-	64,153	4,446
Other timing differences	1,064,606	774,173	(113,609)	-	950,997	774,173
	<u>1,100,181</u>	<u>802,357</u>	<u>(1,901,511)</u>	<u>(2,114,684)</u>	<u>(801,330)</u>	<u>(1,312,327)</u>
			\$			
At 1 January 2014			(1,312,327)			
Deferred tax charge in group profit and loss account			215,703			
Exchange adjustment			295,294			
At 31 December 2014			<u>(801,330)</u>			

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

20. Financial instruments

The carrying values of the group and company's financial assets and liabilities are summarised by category below:

	Group 2014 \$	Group 2013 \$	Company 2014 \$	Company 2013 \$
Financial assets				
Debt instruments measured at amortised cost:				
• Long term loans receivable from group undertakings (see note 14)	-	-	5,202,589	4,539,296
Measured at undiscounted amount receivable:				
• Trade and other debtors (see note 14)	63,057,421	57,817,491	7,712,622	6,882,411
• Amounts owed by group undertakings (see note 14)	-	-	29,883,448	26,310,745
	<u>63,057,421</u>	<u>57,817,491</u>	<u>42,798,659</u>	<u>37,732,452</u>
Financial liabilities				
Measured at amortised cost:				
• Bank loans (see note 17)	6,114,931	5,926,306	-	-
Measured at undiscounted amount payable:				
• Bank overdraft (see note 15)	16,629,547	11,459,424	7,932,778	6,658,515
• Trade and other creditors (see note 15,16)	52,477,478	54,944,020	31,727,186	27,647,095
• Amounts owed to group undertakings (see note 15,16)	10,099,888	3,376,890	10,099,888	3,376,890
	<u>85,321,844</u>	<u>75,706,640</u>	<u>49,759,852</u>	<u>37,682,500</u>

21. Reserves

Profit and loss account

The profit and loss reserve represents accumulated comprehensive income for the year and prior periods together with transfers from the revaluation reserve relating to depreciation recognised in respect of revaluations.

Revaluation reserve

The revaluation reserve represents the cumulative effect of revaluations that were undertaken at the date of transition to FRS102 for certain land and buildings now being held at deemed cost, net of deferred tax. Amounts representing the equivalent depreciation are transferred to the profit and loss account each year.

Foreign exchange reserve

The foreign exchange reserve represents foreign exchange differences arising on the change in the functional currency of subsidiary undertakings with effect from 1 January 2014 (see note 1.1) and cumulative translation differences arising on translation of the net investment in subsidiary undertakings.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

22. Retirement benefit schemes

Balton CP Limited ("the company") participates in a defined benefit pension scheme known as the CP Holdings Limited (1986) Retirement Benefit Scheme. The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent basis, the share of the underlying assets and liabilities belonging to individual participating employers. Therefore, as required by FRS 102 Section 28 *Employee Benefits*, the company accounts for this scheme as if it were a defined contribution scheme. The amount charged to the profit and loss account represents contributions payable to the scheme in respect of the accounting period.

The deficit of CP Holdings (1986) Retirement Benefit Scheme as at 31 December 2014 was \$2,645,270 (2013: \$3,260,000). This valuation is based upon the most recent actuarial valuation of the scheme as at 5 April 2014, which has been adjusted to 31 December 2014 by a qualified independent actuary.

The contribution rate is generally reviewed every three years following each full actuarial valuation of the scheme. Following the most recent full actuarial valuation of the scheme as at 5 April 2013, an additional contribution of \$435,000 and an additional annual administrative expense of \$157,000 were agreed between the scheme trustees and the participating employers. The element of the additional contribution attributable to this company was \$59,000 (2013: \$48,091).

The total contribution made by the company during the year, including the company's share of the additional contribution was \$132,000 (2013: \$118,509)

23. Share capital

	2014 \$	2013 \$
Allotted, called up and fully paid		
3,973,000 Ordinary shares of \$1 each	<u>3,973,000</u>	<u>3,973,000</u>

There is a single class of ordinary shares and there are no restrictions on the distribution of dividends and the repayment of capital.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

24. Cash flow statement

Reconciliation of operating profit to cash generated by operations

	2014 \$	2013 \$
Operating profit	5,410,338	5,622,708
Adjustment for:		
Depreciation and amortisation	2,122,448	2,092,094
Profit on sale of tangible fixed assets	(1,463,496)	(71,935)
Operating cash flow before movement in working capital	6,069,290	7,642,867
Increase in stocks	(1,545,684)	(10,232,135)
(Increase)/decrease in debtors	(6,796,325)	1,593,957
Increase in creditors	(3,623,115)	1,969,902
Increase in provisions	310,000	-
Cash generated by operations	(5,585,834)	974,591

25. Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2014 Land and buildings \$	2013 Land and buildings \$
Group		
- within one year	226,766	241,993
- between 1 and five years	676,579	642,822
	903,345	884,815

Total future minimum lease payments under non-cancellable finance leases are as follows:

	2014 Plant and equipment \$	2013 Plant and equipment \$
Group		
- within one year	360,108	302,148
- between 1 and five years	353,231	12,577
	713,339	314,725

The group had outstanding letters of credit, acceptances and advance payment guarantees to the value of \$396,167 (2013: \$nil) at the year end.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

26. Related party transactions

At the year end the following balances were due to related parties:

		2014 \$	2013 \$
CP Holdings Limited	Ultimate parent undertaking	(10,098,402)	(3,369,018)
LEntA Properties Limited	Fellow subsidiary	(1,821)	(4,435)
The Israel Tractors and Equipment Company Limited	Fellow subsidiary	335	335
CP Regents Park Two Limited	Fellow subsidiary	-	(3,772)

The following amounts were charged by related parties during the year:

CP Holdings Limited	Management charge	300,000	300,000
	Recharged fees	250,000	250,000
	Purchases	311,165	314,018
	Interest	186,903	117,383
LEntA Properties Limited	Purchases	53,945	37,145
Sharon Hotels Company Limited	Purchases	135,075	68,678
CP Regents Park Two Limited	Purchases	19,073	11,523

Details of key management remuneration are set out in note 7.

27. First time adoption of FRS 102

This is the first year that the group and company have presented their results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2013. Set out below are the reconciliation statements for the balance sheet as at 1 January 2013 and 31 December 2013 and the profit and loss account for the financial year ended 31 December 2013 which show the effect on equity and profit of transitioning to FRS 102.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27. First time adoption of FRS 102 (continued)

Group

Balance sheet

	Note	UK GAAP 31 December 2013 \$	Effect of transition 31 December 2013 \$	FRS 102 (as restated) 31 December 2013 \$	UK GAAP 1 January 2013 \$	Effect of transition 1 January 2013 \$	FRS 102 (as restated) 1 January 2013 \$
Fixed assets	A	15,747,672	14,793,172	30,540,844	14,078,585	15,127,169	29,205,754
Current assets		110,054,714	-	110,054,714	106,402,040	-	106,402,040
Creditors: amounts falling due within one year	B	(76,607,648)	(20,000)	(76,627,648)	(75,412,412)	(20,000)	(75,432,412)
Net current assets		33,447,066	(20,000)	33,427,066	30,989,628	(20,000)	30,969,628
Total assets less current liabilities		49,194,738	14,773,172	63,967,910	45,068,213	-15,107,169	60,175,382
Creditors: amounts falling due after more than one year		(9,986,446)	-	(9,986,446)	(7,023,576)	-	(7,023,576)
Provisions for liabilities and charges	C	-	(2,114,684)	(2,114,684)	-	(2,114,684)	(2,114,684)
		<u>39,208,292</u>	<u>12,658,488</u>	<u>51,866,780</u>	<u>38,044,637</u>	<u>12,992,485</u>	<u>51,037,122</u>
Capital and reserves		39,208,292	12,658,488	51,866,780	38,044,637	12,992,485	51,037,122

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27. First time adoption of FRS102 (continued)

Group

Profit and loss account

	Note	UK GAAP 2013 \$	Effect of transition 2013 \$	FRS 102 (as restated) 2013 \$
Turnover		150,911,305	-	150,911,305
Cost of sales		(101,327,328)	-	(101,327,328)
Gross profit		49,583,977	-	49,583,977
Distribution costs		(2,958,859)	-	(2,958,859)
Administrative expenses	A	(42,239,640)	(333,997)	(42,573,637)
Other operating income		1,571,227	-	1,571,227
Operating profit		5,956,705	(333,997)	5,622,708
Net interest payable and similar charges		(2,160,466)	-	(2,160,466)
Profit on ordinary activities before taxation		3,796,239	(333,997)	3,462,242
Taxation		(2,391,891)	-	(2,391,891)
Profit on ordinary activities after taxation and for the financial year		1,404,348	(333,997)	1,070,351

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27. First time adoption of FRS102 (continued)

Explanation of changes to previously reported group equity and profit and changes to the statement of cash flows:

A Revaluation of land and buildings

Upon adoption of FRS 102, the group has elected to use the fair value as deemed cost for certain of its land and buildings at the date of transition. As the revaluation was effected at the date of transition, the depreciation charge for the year ended 31 December 2013 increased by \$333,997.

B Holiday pay accrual

FRS102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the group recognising a liability of \$20,000 on transition to FRS 102. There has been no change to this amount in arriving at the results for the year ended 31 December 2013. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid.

C Deferred taxation

Under FRS 102 deferred taxation is provided on the timing differences arising from the revaluation of fixed assets. A deferred tax liability of \$2,114,684 arose on transition to FRS 102 as a result of the election to use the fair value as deemed cost for certain land and buildings. There has been no change to the liability in the year ended 31 December 2013.

D Statement of cash flows

The group's cash flow statement reflects the presentation requirements of FRS102, which differ from the requirements under FRS1 "Cash flow statements". In addition, the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS1 definition is more restrictive.

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27. First time adoption of FRS 102 (continued)

Company

Balance sheet

	Note	UK GAAP 31 December 2013 \$	Effect of transition 31 December 2013 \$	FRS 102 (as restated) 31 December 2013 \$	UK GAAP 1 January 2013 \$	Effect of transition 1 January 2013 \$	FRS 102 (as restated) 1 January 2013 \$
Fixed assets	A	14,359,137	5,860,704	20,219,841	7,926,121	4,026,049	11,952,170
Debtors: amounts falling due after more than one year	A	10,400,000	(5,860,704)	4,539,296	7,500,000	(4,026,049)	3,473,951
Current assets:		33,879,265	-	33,879,265	48,679,712	-	48,679,712
Creditors: amounts falling due within one year	B	(36,843,295)	(20,000)	(36,863,295)	(44,407,980)	(20,000)	(44,427,980)
Net current assets		7,435,970	(5,880,704)	1,555,266	11,771,732	(4,046,049)	7,725,683
Total assets less current liabilities		21,795,107	(20,000)	21,775,107	19,697,853	(20,000)	19,677,853
Creditors: amounts falling due after more than one year		(3,521,202)	-	(3,521,202)	(3,896,202)	-	(3,896,202)
		<u>18,273,905</u>	<u>(20,000)</u>	<u>18,253,905</u>	<u>15,801,651</u>	<u>(20,000)</u>	<u>15,781,651</u>
Capital and reserves		18,273,905	(20,000)	18,253,905	15,801,651	(20,000)	15,781,651

BALTON CP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

27. First time adoption of FRS102 (continued)

Explanation of changes to previously reported company equity and profit:

A Discounting of non-interest bearing loans

FRS 102 requires non-interest bearing long-term loans to be recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost using the effective interest rate method. This has resulted in the company recognising an investment in subsidiary companies of \$4,026,049 on transition to FRS 102 and of \$5,860,704 as at 31 December 2013. Previously non-interest bearing long-term loans were recognised at their transaction price.

B Holiday pay accrual

FRS102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the group recognising a liability of \$20,000 on transition to FRS 102. There has been no change to this amount in arriving at the results for the year ended 31 December 2013. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid.

28. Ultimate parent company and controlling party

The parent undertaking of the only group of undertakings for which group financial statements are drawn up and of which the company is a member is CP Holdings Limited, a company incorporated in England. Copies of the group financial statements are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors regard Premier Telecommunications International Limited and CP Holdings Limited as the immediate and ultimate parent company respectively and the Schreier family as the ultimate controlling party by virtue of their controlling interest in the ultimate parent company.