

# Vapormatt Limited

Annual Report and Financial Statements  
for the Year Ended 30 April 2020

# Vapormatt Limited

## Contents

Directors' Report	<u>1</u> to <u>2</u>
Balance Sheet	<u>3</u>
Notes to the Financial Statements	<u>4</u> to <u>12</u>

# Vapormatt Limited

## Directors' Report for the Year Ended 30 April 2020

The directors present their report and the financial statements for the year ended 30 April 2020.

### Directors of the company

The directors who held office during the year were as follows:

R S Ashworth

T I Ashworth

H K F Brown

P R Charles (resigned 21 September 2019)

T J England

M R Teague

### Principal activity

The principal activity of the company is the sale and maintenance of wet blasting machinery and the sale of aftermarket spares and services.

### Development, performance and position of the business

Our priority during the pandemic remains the health and safety of our staff, customers and suppliers. We are proud of the way our staff have responded to this unprecedented challenge and have coped well with the new way of working. We are well placed to withstand continued disruption to our traditional ways of working as we comply with government guidelines. The hard work of our employees ensured we were able to keep our manufacturing facility open in Bridgwater throughout the pandemic, which minimised disruption to our customers.

Profits for the year ended 30 April 2020 were affected by lower demand in some of our key business segments and this has continued to be the case in the year ending 30 April 2021. There remains considerable long term potential for our technology in all of our target segments and we are experiencing a noticeable increase in activity within our sales pipeline. We are fortunate to be well diversified in terms of both the geographical locations and industries of our customers. We also took a number of actions to reduce our cost base - with a small reduction in headcount to reflect the reduced trading volumes and also a reduction in discretionary spend on items such as travel and exhibitions. More positively, the challenge of the pandemic has validated our long term strategy and we have been able to take some big steps forward on our strategy map, particularly in terms of increasing our in-house production capabilities.

We continue to make use of government support including furlough and CBILS and are looking forward to a return to better trading conditions as we progress through 2021.

### Going concern

The directors are pleased with the company's performance during the year ended 30 April 2020. This was somewhat overshadowed by the COVID-19 pandemic which created a challenging trading environment. This has forced the directors to take a cautious position in the final months of the year and has resulted in a prudent reassessment of both ongoing contracts and resulting cash flow. The directors acted swiftly to take advantage of government support packages – most notably the furlough and CBILS schemes. This has ensured that the impact on the company has been significantly reduced. Both the management accounts and cash flow forecast continue to be revised on a regular basis and the directors are assured that the company has adequate resources to continue in operational existence for the foreseeable future, despite the ongoing uncertainty. Therefore the accounts have been prepared on a going concern basis.

# **Vapormatt Limited**

## **Directors' Report for the Year Ended 30 April 2020**

### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

### **Small companies provision statement**

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 31 March 2021 and signed on its behalf by:

.....  
H K F Brown  
Director

# Vapormatt Limited

(Registration number: 01479677)  
Balance Sheet as at 30 April 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	<u>4</u>	-	-
Tangible assets	<u>5</u>	482,521	522,394
Investments	<u>6</u>	4,811	4,000
		<u>487,332</u>	<u>526,394</u>
<b>Current assets</b>			
Stocks	<u>7</u>	3,180,429	3,372,780
Debtors	<u>8</u>	3,622,149	4,094,521
Cash at bank and in hand		936,734	1,311,760
		<u>7,739,312</u>	<u>8,779,061</u>
<b>Creditors: Amounts falling due within one year</b>	<u>9</u>	<u>(5,902,352)</u>	<u>(7,509,031)</u>
<b>Net current assets</b>		<u>1,836,960</u>	<u>1,270,030</u>
<b>Total assets less current liabilities</b>		<u>2,324,292</u>	<u>1,796,424</u>
<b>Creditors: Amounts falling due after more than one year</b>	<u>9</u>	<u>(9,128)</u>	<u>(51,467)</u>
<b>Provisions for liabilities</b>		<u>(58,332)</u>	<u>27,315</u>
<b>Net assets</b>		<u>2,256,832</u>	<u>1,772,272</u>
<b>Capital and reserves</b>			
Called up share capital		261,000	261,000
Profit and loss account		<u>1,995,832</u>	<u>1,511,272</u>
<b>Total equity</b>		<u>2,256,832</u>	<u>1,772,272</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 31 March 2021 and signed on its behalf by:

.....  
H K F Brown  
Director

.....  
M R Teague  
Director

# **Vapormatt Limited**

## **Notes to the Financial Statements for the Year Ended 30 April 2020**

### **1 General information**

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

2 Robins Drive  
Bridgwater  
Somerset  
TA6 4DL

These financial statements were authorised for issue by the Board on 31 March 2021.

### **2 Accounting policies**

#### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Going concern**

The directors are pleased with the company's performance during the year ended 30 April 2020. This was somewhat overshadowed by the COVID-19 pandemic which created a challenging trading environment. This has forced the directors to take a cautious position in the final months of the year and has resulted in a prudent reassessment of both ongoing contracts and resulting cash flow. The directors acted swiftly to take advantage of government support packages – most notably the furlough and CBILS schemes. This has ensured that the impact on the company has been significantly reduced. Both the management accounts and cash flow forecast continue to be revised on a regular basis and the directors are assured that the company has adequate resources to continue in operational existence for the foreseeable future, despite the ongoing uncertainty. Therefore the accounts have been prepared on a going concern basis.

#### **Audit report**

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 31 March 2021 was Nigel Fry, who signed for and on behalf of Milsted Langdon LLP.

# Vapormatt Limited

## Notes to the Financial Statements for the Year Ended 30 April 2020

### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

The company recognises revenue as specific performance obligations are met, due to some contracts to build machines being over a longer timescale.

### Government grants

Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants related to purchase of assets are treated as deferred income and allocated to the income statement over the useful lives of the related assets while grants related to expenses are treated as other income in the income statement.

### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

# Vapormatt Limited

## Notes to the Financial Statements for the Year Ended 30 April 2020

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold land and buildings	Over the lease term
Plant and machinery	20% to 33% straight line
Motor vehicles	25% straight line

### Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

### Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. 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 profit or loss.



# **Vapormatt Limited**

## **Notes to the Financial Statements for the Year Ended 30 April 2020**

### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### **Provisions**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires a settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

# **Vapormatt Limited**

## **Notes to the Financial Statements for the Year Ended 30 April 2020**

### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### **Defined contribution pension obligation**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as expenses when they fall due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

### **3 Staff numbers**

The average number of persons employed by the company (including directors) during the year was 55 (2019 - 49).

# Vapormatt Limited

## Notes to the Financial Statements for the Year Ended 30 April 2020

### 4 Intangible assets

	Goodwill £	Total £
<b>Cost or valuation</b>		
At 1 May 2019	12,500	12,500
At 30 April 2020	12,500	12,500
<b>Amortisation</b>		
At 1 May 2019	12,500	12,500
At 30 April 2020	12,500	12,500
<b>Carrying amount</b>		
At 30 April 2020	-	-
At 30 April 2019	-	-

### 5 Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 May 2019	367,813	798,940	322,019	1,488,772
Additions	6,754	57,139	11,750	75,643
Disposals	-	(620)	-	(620)
At 30 April 2020	374,567	855,459	333,769	1,563,795
<b>Depreciation</b>				
At 1 May 2019	43,328	654,108	268,942	966,378
Charge for the year	26,754	55,173	33,463	115,390
Eliminated on disposal	-	(494)	-	(494)
At 30 April 2020	70,082	708,787	302,405	1,081,274
<b>Carrying amount</b>				
At 30 April 2020	304,485	146,672	31,364	482,521
At 30 April 2019	324,485	144,832	53,077	522,394

Included within the net book value of land and buildings above is £304,485 (2019 - £324,485) in respect of leasehold land and buildings.

Tangible fixed assets with a carrying amount of £33,939 (2019 - £102,970) have been pledged as security for hire purchase contracts.



# Vapormatt Limited

## Notes to the Financial Statements for the Year Ended 30 April 2020

### 6 Investments

	2020 £	2019 £
Investments in subsidiaries	<u>4,811</u>	<u>4,000</u>
<b>Subsidiaries</b>		£
<b>Cost or valuation</b>		
At 1 May 2019		4,000
Additions		<u>811</u>
At 30 April 2020		<u>4,811</u>
<b>Provision</b>		
At 1 May 2019 and at 30 April 2020		<u>-</u>
<b>Carrying amount</b>		
At 30 April 2020		<u>4,811</u>
At 30 April 2019		<u>4,000</u>

### 7 Stocks

	2020 £	2019 £
Raw materials and consumables	604,874	527,201
Work in progress	1,847,085	1,694,357
Finished goods	<u>728,470</u>	<u>1,151,222</u>
	<u>3,180,429</u>	<u>3,372,780</u>

### 8 Debtors

	2020 £	2019 £
Trade debtors	2,222,950	2,505,040
Amounts owed by group undertakings	237,500	263,820
Other debtors	409,260	637,762
Prepayments and accrued income	<u>752,439</u>	<u>687,899</u>
	<u>3,622,149</u>	<u>4,094,521</u>

# Vapormatt Limited

## Notes to the Financial Statements for the Year Ended 30 April 2020

### 9 Creditors

#### Creditors: amounts falling due within one year

	Note	2020 £	2019 £
<b>Due within one year</b>			
Loans and borrowings	<u>10</u>	41,941	56,536
Trade creditors		1,586,382	1,998,748
Amounts owed to group undertakings		2,063	4,000
Taxation and social security		58,169	42,007
Other creditors		1,897,999	2,203,438
Accruals and deferred income		<u>2,315,798</u>	<u>3,204,302</u>
		<u>5,902,352</u>	<u>7,509,031</u>

Creditors falling due within one year includes net obligations under finance lease and hire purchase contracts which are secured of £41,941 (2019 - £56,536).

#### Creditors: amounts falling due after more than one year

	Note	2020 £	2019 £
<b>Due after one year</b>			
Loans and borrowings	<u>10</u>	<u>9,128</u>	<u>51,467</u>

Creditors falling due after more than one year includes net obligations under finance lease and hire purchase contracts which are secured of £9,128 (2019 - £51,467).

# Vapormatt Limited

## Notes to the Financial Statements for the Year Ended 30 April 2020

### 10 Loans and borrowings

	2020 £	2019 £
<b>Non-current loans and borrowings</b>		
Finance lease liabilities	<u>9,128</u>	<u>51,467</u>

	2020 £	2019 £
<b>Current loans and borrowings</b>		
Finance lease liabilities	<u>41,941</u>	<u>56,536</u>

### 11 Financial commitments, guarantees and contingencies

#### Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £1,162,215 (2019 - £1,154,329).

### 12 Parent and ultimate parent undertaking

The company's immediate parent is Vapormatt Limited, incorporated in Guernsey.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.