

Registration number: 01479677

Vapormatt Limited

Annual Report and Financial Statements
for the Year Ended 30 April 2022

Vapormatt Limited

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Vapormatt Limited

Directors' Report for the Year Ended 30 April 2022

The directors present their report and the financial statements for the year ended 30 April 2022.

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

T J England (Resigned 9 June 2022)

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

The strategy for the company has been clearly defined. Our vision is to be the world's leading wet blast company and we invest in our people and in research and development to provide innovation and consistent results to our customers worldwide. We were pleased to complete the acquisition of a key supplier in December 2021, securing the supply of quality key components both in our manufacturing process and in spare parts to our customers.

The impact of the COVID-19 pandemic was considerable in the previous financial year and we were pleased to see the easing of restrictions in the UK and some other key territories in the first quarter of the year ended 30 April 2022, signalling the start of economic recovery and an increase in activity. As travel restrictions were lifted, we were pleased to have been able to visit new and existing customers during the year, sharing with them our range of new machines and re-establishing relationships. In the year ended 30 April 2022 turnover increased from £4.4m to £6.1m with demand increasing worldwide as the impact of the pandemic diminished. The company also returned to an operating profit position, compared to the loss last year.

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 26 January 2023 and signed on its behalf by:

H K F Brown

Director

Vapormatt Limited

(Registration number: 01479677)
Balance Sheet as at 30 April 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>4</u>	-	-
Tangible assets	<u>5</u>	624,907	697,598
Investments	<u>6</u>	125,411	4,811
		<u>750,318</u>	<u>702,409</u>
Current assets			
Stocks	<u>7</u>	2,958,183	1,408,380
Debtors	<u>8</u>	1,516,819	2,070,125
Cash at bank and in hand		843,387	471,101
		<u>5,318,389</u>	<u>3,949,606</u>
Creditors: Amounts falling due within one year	<u>9</u>	<u>(4,005,331)</u>	<u>(2,840,205)</u>
Net current assets		<u>1,313,058</u>	<u>1,109,401</u>
Total assets less current liabilities		<u>2,063,376</u>	<u>1,811,810</u>
Creditors: Amounts falling due after more than one year	<u>9</u>	<u>(212,148)</u>	<u>(359,501)</u>
Net assets		<u>1,851,228</u>	<u>1,452,309</u>
Capital and reserves			
Called up share capital		261,000	261,000
Profit and loss account		<u>1,590,228</u>	<u>1,191,309</u>
Total equity		<u>1,851,228</u>	<u>1,452,309</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 26 January 2023 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 2022

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 26 January 2023.

2 Accounting policies

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102, Section 1A relating to smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' - and the Companies Act 2006 (as applicable to companies subject to the small companies regime).

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 have prepared a detailed profit and cash flow forecast for the period to 30 April 2024 which shows the company will be able to operate and meet its external liabilities as they fall due for payment. With the impact of the COVID-19 pandemic now much reduced, there is increased certainty in these forecasts and confidence in a return, as a minimum, to pre-pandemic levels of activity around the world. There remain some challenges in our supply chain both in terms of rising prices and availability of raw materials but strong relationships with existing suppliers and holding safety stock of some key components has mitigated the impact of this. Accordingly, the directors have prepared the financial statements on a going concern basis.

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Notes to the Financial Statements for the Year Ended 30 April 2022

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 31 January 2023 was Nigel Fry, who signed for and on behalf of Milsted Langdon LLP.

Key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which are considered to have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Stock valuation

The company reviews its stock on a regular basis and where appropriate makes provisions for slow moving and obsolete stock. The carrying amount is £2,958,183 (2021 - £1,408,380).

Accrued income

The company recognises revenue on a stage of completion basis which can be different to the amounts invoiced to customers, giving rise to accrued income at the balance sheet date. The carrying amount is £404,697 (2021 - £74,861).

Deferred income

The recognition of revenue on a stage of completion basis also gives rise to deferred income at the balance sheet date for similar reasons to the above accrued income, which is included in other creditors. The carrying amount is £968,297 (2021 - £1,258,063).

Warranty provisions

The machines sold include a period of warranty and accordingly the company recognise a provision in accruals in respect of potential costs that may arise upon the company during the warranty period. The carrying amount is £240,553 (2021 - £319,773).

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.

Vapormatt Limited

Notes to the Financial Statements for the Year Ended 30 April 2022

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 the 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 remeasured.

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

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.

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:

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Notes to the Financial Statements for the Year Ended 30 April 2022

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

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 stocks 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.

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.

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Notes to the Financial Statements for the Year Ended 30 April 2022

Creditors

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

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.

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Notes to the Financial Statements for the Year Ended 30 April 2022

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.

Financial instruments

Classification

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, 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, like 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 the case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 statement of comprehensive income.

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

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

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Notes to the Financial Statements for the Year Ended 30 April 2022

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 49 (2021 - 53).

4 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 May 2021	12,500	12,500
At 30 April 2022	12,500	12,500
Amortisation		
At 1 May 2021	12,500	12,500
At 30 April 2022	12,500	12,500
Carrying amount		
At 30 April 2022	-	-
At 30 April 2021	-	-

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Notes to the Financial Statements for the Year Ended 30 April 2022

5 Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 May 2021	374,567	1,171,122	246,363	1,792,052
Additions	-	8,173	-	8,173
Disposals	-	(72,805)	(81,986)	(154,791)
At 30 April 2022	374,567	1,106,490	164,377	1,645,434
Depreciation				
At 1 May 2021	98,944	759,788	235,722	1,094,454
Charge for the year	22,178	54,378	4,308	80,864
Eliminated on disposal	-	(72,805)	(81,986)	(154,791)
At 30 April 2022	121,122	741,361	158,044	1,020,527
Carrying amount				
At 30 April 2022	253,445	365,129	6,333	624,907
At 30 April 2021	275,623	411,334	10,641	697,598

Included within the net book value of land and buildings above is £253,445 (2021 - £275,623) in respect of leasehold land and buildings.

Tangible fixed assets with a carrying amount of £170,756 (2021 - £189,669) have been pledged as security for hire purchase contracts.

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Notes to the Financial Statements for the Year Ended 30 April 2022

6 Investments

	2022 £	2021 £
Investments in subsidiaries	125,411	4,811
Subsidiaries		£
Cost or valuation		
At 1 May 2021		4,811
Additions		120,600
At 30 April 2022		125,411
Provision		
At 1 May 2021 and at 30 April 2022		-
Carrying amount		
At 30 April 2022		125,411
At 30 April 2021		4,811

7 Stocks

	2022 £	2021 £
Raw materials and consumables	986,935	528,944
Work in progress	1,658,696	564,258
Finished goods	312,552	315,178
	2,958,183	1,408,380

8 Debtors

	Note	2022 £	2021 £
Current			
Trade debtors		507,089	1,325,211
Amounts owed by related parties		335,964	429,293
Prepayments and accrued income		568,033	226,740
Other debtors		105,733	88,881
		1,516,819	2,070,125

Vapormatt Limited

Notes to the Financial Statements for the Year Ended 30 April 2022

9 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	<u>10</u>	110,946	74,945
Trade creditors		532,278	256,534
Social security and other taxes		44,426	49,030
Other creditors		1,235,090	1,587,188
Accruals		1,991,528	692,757
Corporation tax liability		-	24,565
Deferred income		91,063	155,186
		<u>4,005,331</u>	<u>2,840,205</u>
Due after one year			
Loans and borrowings	<u>10</u>	<u>212,148</u>	<u>359,501</u>

10 Loans and borrowings

	2022 £	2021 £
Non-current loans and borrowings		
Bank borrowings	197,333	272,834
Finance lease liabilities	14,815	86,667
	<u>212,148</u>	<u>359,501</u>

	2022 £	2021 £
Current loans and borrowings		
Bank borrowings	64,000	47,166
Finance lease liabilities	46,946	27,779
	<u>110,946</u>	<u>74,945</u>

Creditors falling due within one year include bank borrowings of £64,000 (2021 - £47,166) which are secured by way of an unlimited debenture incorporating a fixed and floating charge.

Creditors falling due within one year includes net obligations under finance lease and hire purchase contracts which are secured of £46,946 (2021 - £27,779).

Creditors falling due after more than one year include bank borrowings of £197,333 (2021 - £272,834) which are secured by way of an unlimited debenture incorporating a fixed and floating charge.

Creditors falling due after more than one year includes net obligations under finance lease and hire purchase contracts which are secured of £14,815 (2021 - £86,667).

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Notes to the Financial Statements for the Year Ended 30 April 2022

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 £1,008,935 (2021 - £1,047,051).

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.