

Vapormatt Limited

Annual Report and Financial Statements
for the Year Ended 30 April 2021

Vapormatt Limited

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Vapormatt Limited

Directors' Report for the Year Ended 30 April 2021

The directors present their report and the financial statements for the year ended 30 April 2021.

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

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 was clearly defined pre-pandemic. Our vision is to be the world's leading wet blast company and we invest in our people and in research and development in order to provide innovation and consistent results to our customers worldwide.

Actions taken by the company during the year ended 30 April 2020 in response to the pandemic were already part of this strategy, most notably increasing our in-house production capabilities and the establishment of a subsidiary company in the US.

Significant investment has been made during this financial year to develop a range of new machines which are generating interest from our customers, alongside a considerable spend on marketing to establish our key business segments and update our digital collateral.

We have been mindful of the significant impact of COVID-19 worldwide and have adapted where necessary to retain our key strengths ready for the economic recovery.

Going concern

The impact of the COVID-19 pandemic has been significant for the year ended 30 April 2021 and the trading environment has been challenging. This has been both in terms of reduced demand and a challenging supply chain.

The directors continued to adopt a prudent approach in terms of monitoring cash flow and ongoing contracts. The company continued to take advantage of the Coronavirus Job Retention Scheme which helped us to maintain headcount through periods of reduced activity.

As a board, we remain optimistic about the future and are confident of a return to better trading conditions. We were determined to maintain the shape and size of the company so that we would be ready to take advantage of the global recovery and used cash reserves from prior years to fund this. We are now seeing the results of this strategy coming through and we are seeing an increase in new enquiries and orders across a variety of market segments.

Vapormatt Limited

Directors' Report for the Year Ended 30 April 2021

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 3 March 2022 and signed on its behalf by:

.....
H K F Brown
Director

Vapormatt Limited

(Registration number: 01479677)
Balance Sheet as at 30 April 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	<u>4</u>	-	-
Tangible assets	<u>5</u>	697,598	482,521
Investments	<u>6</u>	4,811	4,811
		<u>702,409</u>	<u>487,332</u>
Current assets			
Stocks	<u>7</u>	1,408,380	3,180,429
Debtors	<u>8</u>	2,070,125	3,622,149
Cash at bank and in hand		<u>471,101</u>	<u>936,734</u>
		3,949,606	7,739,312
Creditors: Amounts falling due within one year	<u>9</u>	<u>(2,840,205)</u>	<u>(5,902,352)</u>
Net current assets		<u>1,109,401</u>	<u>1,836,960</u>
Total assets less current liabilities		1,811,810	2,324,292
Creditors: Amounts falling due after more than one year	<u>9</u>	(359,501)	(9,128)
Provisions for liabilities		-	(58,332)
Net assets		<u>1,452,309</u>	<u>2,256,832</u>
Capital and reserves			
Called up share capital		261,000	261,000
Profit and loss account		<u>1,191,309</u>	<u>1,995,832</u>
Total equity		<u>1,452,309</u>	<u>2,256,832</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 3 March 2022 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 2021

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 3 March 2022.

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 impact of the COVID-19 pandemic has been significant for the year ended 30 April 2021 and the trading environment has been challenging. This has been both in terms of reduced demand and a challenging supply chain. The directors continued to adopt a prudent approach in terms of monitoring cash flow and ongoing contracts. The company continued to take advantage of the Coronavirus Job Retention Scheme which helped us to maintain headcount through periods of reduced activity.

As a board, we remain optimistic about the future and are confident of a return to better trading conditions. We were determined to maintain the shape and size of the company so that we would be ready to take advantage of the global recovery and used cash reserves from prior years to fund this. We are now seeing the results of this strategy coming through and we are seeing an increase in new enquiries and orders across a variety of market segments.

Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 9 March 2022 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 2021

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 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 2021

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 2021

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 2021

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 53 (2020 - 55).

Vapormatt Limited

Notes to the Financial Statements for the Year Ended 30 April 2021

4 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 May 2020	12,500	12,500
At 30 April 2021	12,500	12,500
Amortisation		
At 1 May 2020	12,500	12,500
At 30 April 2021	12,500	12,500
Carrying amount		
At 30 April 2021	-	-
At 30 April 2020	-	-

5 Tangible assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 May 2020	374,567	855,459	333,769	1,563,795
Additions	-	338,124	-	338,124
Disposals	-	(22,461)	(87,406)	(109,867)
At 30 April 2021	374,567	1,171,122	246,363	1,792,052
Depreciation				
At 1 May 2020	70,082	708,787	302,405	1,081,274
Charge for the year	28,862	55,245	20,723	104,830
Eliminated on disposal	-	(4,244)	(87,406)	(91,650)
At 30 April 2021	98,944	759,788	235,722	1,094,454
Carrying amount				
At 30 April 2021	275,623	411,334	10,641	697,598
At 30 April 2020	304,485	146,672	31,364	482,521

Included within the net book value of land and buildings above is £275,623 (2020 - £304,485) in respect of leasehold land and buildings.

Tangible fixed assets with a carrying amount of £1,371 (2020 - £33,939) have been pledged as security for hire purchase contracts.

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Notes to the Financial Statements for the Year Ended 30 April 2021

6 Investments

	2021 £	2020 £
Investments in subsidiaries	4,811	4,811
Subsidiaries		£
Cost or valuation		
At 1 May 2020		4,811
At 30 April 2021		4,811
Provision		
At 1 May 2020 and at 30 April 2020		-
Carrying amount		
At 30 April 2021		4,811
At 30 April 2020		4,811

7 Stocks

	2021 £	2020 £
Raw materials and consumables	528,944	604,874
Work in progress	564,258	1,847,085
Finished goods	315,178	728,470
	1,408,380	3,180,429

8 Debtors

	2021 £	2020 £
Trade debtors	1,325,211	2,222,950
Amounts owed by group undertakings	429,293	237,500
Other debtors	88,881	409,260
Prepayments and accrued income	226,740	752,439
	2,070,125	3,622,149

Vapormatt Limited

Notes to the Financial Statements for the Year Ended 30 April 2021

9 Creditors

Creditors: amounts falling due within one year

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	<u>10</u>	74,945	41,941
Trade creditors		256,534	1,586,382
Amounts owed to group undertakings		-	2,063
Taxation and social security		73,595	58,169
Other creditors		1,587,188	1,897,999
Accruals and deferred income		847,943	2,315,798
		<u>2,840,205</u>	<u>5,902,352</u>

Creditors falling due within one year includes net obligations under finance lease and hire purchase contracts which are secured of £27,779 (2020 - £41,941).

Creditors: amounts falling due after more than one year

	Note	2021 £	2020 £
Due after one year			
Loans and borrowings	<u>10</u>	<u>359,501</u>	<u>9,128</u>

Creditors falling due after more than one year includes net obligations under finance lease and hire purchase contracts which are secured of £86,667 (2020 - £9,168).

Vapormatt Limited

Notes to the Financial Statements for the Year Ended 30 April 2021

10 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	272,834	-
Finance lease liabilities	86,667	9,128
	<u>359,501</u>	<u>9,128</u>

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	47,166	-
Finance lease liabilities	27,779	41,941
	<u>74,945</u>	<u>41,941</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 £1,043,386 (2020 - £1,162,215).

12 Parent and ultimate parent undertaking

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

13 Non adjusting events after the financial period

After the balance sheet date, the company acquired the full share capital of Dataroll Limited for a total consideration of £100,000.

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.