

Registered number: 01704907

SOLLATEK (UK) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015



**LUBBOCK FINE
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB**

SOLLATEK (UK) LIMITED

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SOLLATEK (UK) LIMITED

COMPANY INFORMATION

Directors	Dr Janan Allos Maan J Allos Manhal B Allos
Company secretary	Manhal B Allos
Registered number	01704907
Registered office	Sollatek House 14 Waterside Drive Langley Slough Berkshire SL3 6EZ
Independent auditors	Lubbock Fine Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London EC4M 8AB
Bankers	Lloyds Bank plc Slough SL1 1DH

SOLLATEK (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

Principal activity

The principal activity of the Company during the year was that of assembly, distribution and sale of electronic and ancillary equipment.

Business review

The Company made a profit before tax in the year of £115,181 (2014 - £170,133). During the year the Company's turnover was £5,695,753 (2014 - £6,578,831). Gross margin for the year increased to 40% (2014 - 38%).

As at 31 December 2015 net assets had increased to £3,475,828 (2014 - £3,313,342) due to the profit in the year.

Principal risks and uncertainties

Funding and liquidity

The Company prepares annual budgets including cashflow budgets to ensure that its funding requirements will be met within available working capital facilities. Cashflow is monitored on a daily basis.

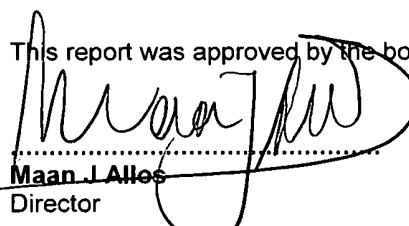
Market risk

The Company operates in a high technology market, accordingly the Company's continued success depends on continued innovation of its products to ensure that the Company's product range remains attractive to the consumers. Additionally, with the changing world market other risks include increasing raw material prices and currency pressures.

Financial key performance indicators

The directors consider turnover and gross margin to be the key performance indicators for the Company. The performance of the Company is monitored by the directors on a daily basis.

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



.....
Maan J. Allos
Director

Date: 28-09-2016

SOLLATEK (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors

The directors who served during the year were:

Dr Janan Allos
Maan J Allos
Manhal B Allos

Directors' responsibilities statement

The directors are responsible for preparing the 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £162,486 (2014 - £163,265).

No interim dividends were paid during the year, the directors have not recommended a final dividend.

Future developments

Sales opportunities in the Commercial Refrigeration sector are now completely developed and business has started to materialise, albeit towards the end of 2015 and very much into 2016 where revenue growth of 40% is expected. The company continues on lean manufacturing to reduce costs and increase margins.

A new local Sollatek company has been established Sollatek Nigeria and final negotiations are being entered into for a Sollatek Pakistan, both of these will have significant effect on 2016 figures.

New opportunities have emerged in the windfarm sector where there has been an increase in government spending for renewable energy. Many of these farms require specialised technology of voltage stabilisers which Sollatek excel in, this business will materialise in 2016.

SOLLATEK (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Disclosure of information to auditors

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's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

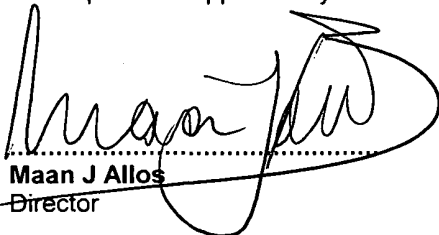
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Lubbock Fine will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



Maan J Allos
Director

Date: 28-07-2016

SOLLATEK (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOLLATEK (UK) LIMITED

We have audited the financial statements of Sollatek (UK) Limited for the year ended 31 December 2015, set out on pages 7 to 25. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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 Auditors' 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 on page 3, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' 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 Company's affairs as at 31 December 2015 and of its profit or loss 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements.

SOLLATEK (UK) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SOLLATEK (UK) LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Noton (Senior Statutory Auditor)

for and on behalf of

Lubbock Fine

Chartered Accountants & Statutory Auditors

Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 29/7/2016

SOLLATEK (UK) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover	4	5,695,753	6,578,831
Cost of sales		(3,478,670)	(4,101,986)
Gross profit		2,217,083	2,476,845
Distribution costs		(261,731)	(285,397)
Administrative expenses		(2,043,941)	(1,987,700)
Other operating income	5	225,000	-
Operating profit	6	136,411	203,748
Interest payable and expenses	10	(21,230)	(33,615)
Profit before tax		115,181	170,133
Tax on profit	11	47,305	(6,868)
Profit after tax		162,486	163,265
Retained earnings at the beginning of the year		2,200,837	2,037,572
Profit for the year		162,486	163,265
Retained earnings at the end of the year		2,363,323	2,200,837

There were no recognised gains and losses for 2015 or 2014 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 25 form part of these financial statements.

SOLLATEK (UK) LIMITED

REGISTERED NUMBER:01704907

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	12		312,849		258,149
Current assets					
Stocks	13	1,266,328		1,321,155	
Debtors: amounts falling due within one year	14	8,503,484		7,289,147	
Cash at bank and in hand	15	104,511		83,274	
			<u>9,874,323</u>	<u>8,693,576</u>	
Creditors: amounts falling due within one year	16	(6,627,795)		(5,625,416)	
Net current assets			<u>3,246,528</u>		<u>3,068,160</u>
Total assets less current liabilities			<u>3,559,377</u>		<u>3,326,309</u>
Creditors: amounts falling due after more than one year	17		(64,187)		(12,967)
Deferred tax	20		(19,362)		-
Net assets			<u><u>3,475,828</u></u>		<u><u>3,313,342</u></u>
Capital and reserves					
Called up share capital	21		180,279		180,279
Share premium account	22		922,226		922,226
Capital redemption reserve	22		10,000		10,000
Profit and loss account	22		2,363,323		2,200,837
			<u><u>3,475,828</u></u>		<u><u>3,313,342</u></u>

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



Maan J Allos
Director

Date: 28-09-2016

The notes on pages 10 to 25 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	162,486	163,265
Adjustments for:		
Depreciation of tangible assets	111,480	75,938
Loss on disposal of tangible assets	39,935	-
Increase in stocks	54,827	90,739
Interest paid	21,230	33,615
Taxation	(47,305)	6,868
Increase in debtors	(189,920)	676,555
Decrease in amounts owed by groups	(957,750)	(2,261,832)
Increase in creditors	1,610,270	55,844
Increase in amounts owed to groups	(205,178)	730,298
Corporation tax	-	29,875
Net cash generated from operating activities	600,075	(398,835)
Cash flows from investing activities		
Purchase of tangible fixed assets	(59,052)	(58,118)
HP interest paid	(9,057)	(8,839)
Net cash from investing activities	(68,109)	(66,957)
Cash flows from financing activities		
New secured loans	-	927,929
Repayment of loans	(343,912)	-
Repayment of/new finance leases	(64,153)	(5,676)
Interest paid	(12,173)	(24,776)
Net cash used in financing activities	(420,238)	897,477
Cash and cash equivalents at beginning of year	(66,280)	(497,963)
Cash and cash equivalents at the end of year	45,448	(66,278)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	104,511	83,274
Bank overdrafts	(59,063)	(149,554)
	45,448	(66,280)

The notes on pages 10 to 25 form part of these financial statements.

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. General information

Sollatek (UK) Limited is a limited Company incorporated in England and Wales. Its registered office and principal place of business is Sollatek House, 14 Waterside Drive, Langley, Slough, Berkshire, SL3 6EZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS102") and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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

Turnover from the sale of goods is recognised when the Company has transferred all significant risks and rewards to the buyer, usually on dispatch of the goods, provided:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Long-term leasehold property	- equal instalments over the period of the lease
Motor vehicles	- 20% of the written down value
Fixtures and fittings	- 20% and 25% of the written down value

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.4 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Income and Retained Earnings Loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.6 Stocks 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 balance sheet date, stocks are assessed for impairment. If stock is 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.

2.7 Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

In the 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.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, 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 payables or receivables, 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 case of an out-right 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 Income and Retained Earnings.

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.

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 Statement of Income and Retained Earnings 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 Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest 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.

2.14 Pensions

Defined contribution pension plan

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 payments obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires 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 Statement of Income and Retained Earnings 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.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for turnover and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgement and source of estimation uncertainty which has a significant impact on the amounts recognised in the financial statements is:

Stock provision

The Company provides against slow moving stock and this provision is calculated based upon estimates formulated as a function of historical levels of sales and expected future sales. Given the inherent uncertainty of whether the Company would be able to use the stock in its future activities the recoverable amount of such stock is subject to uncertainty and is affected by the Company's current and future plans and the product mix in the sales that it makes in future periods.

4. Turnover

An analysis of turnover by class of business is as follows:

	2015 £	2014 £
Sale of electronic and ancillary equipment	5,695,753	6,578,831

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	353,729	933,130
Rest of the world	5,342,024	5,645,701
	5,695,753	6,578,831

5. Other operating income

	2015 £	2014 £
Other operating income	225,000	-

Other operating income relates to amounts received by the Company during the year as compensation for loss of its previous premises.

SOLLATEK (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2015****6. Operating profit**

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	111,481	75,939
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	14,000	14,000
Exchange differences	(193,912)	(62,589)
Other operating lease rentals	52,000	89,215
Defined contribution pension cost	15,651	-
	<u>111,481</u>	<u>75,939</u>

7. Auditors' remuneration

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	14,000	14,000
	<u>14,000</u>	<u>14,000</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	1,376,723	1,434,342
Social security costs	153,600	168,403
Cost of defined contribution scheme	15,651	-
	<u>1,545,974</u>	<u>1,602,745</u>

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

	2015 No.	2014 No.
Number of production staff	11	11
Number of administrative staff	35	35
Number of management staff	7	3
	<u>53</u>	<u>49</u>

SOLLATEK (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2015****9. Directors' remuneration**

	2015 £	2014 £
Directors' emoluments	66,585	189,810
Company contributions to defined contribution pension schemes	8,479	-
	<u>75,064</u>	<u>189,810</u>

During the year retirement benefits were accruing to 1 director (2014 - NIL) in respect of defined contribution pension schemes.

10. Interest payable and similar charges

	2015 £	2014 £
Bank interest payable	12,173	24,776
Finance leases and hire purchase contracts	9,057	8,839
	<u>21,230</u>	<u>33,615</u>

11. Taxation

	2015 £	2014 £
Corporation tax		
Adjustments in respect of previous periods	(66,667)	-
Foreign tax		
Foreign tax on income for the year	-	6,868
Total current tax	(66,667)	6,868
Deferred tax		
Origination and reversal of timing differences	19,362	-
Taxation on profit on ordinary activities	<u>(47,305)</u>	<u>6,868</u>

SOLLATEK (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 22.75%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	115,181	170,133
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 22.75%)	23,324	38,705
Effects of:		
Expenses not deductible for tax purposes	1,001	553
Capital allowances for year in excess of depreciation	7,797	2,797
Other timing differences leading to an increase in taxation	657	163
Adjustment in research and development tax credit leading to a decrease in the tax charge	(80,084)	(42,218)
Foreign tax	-	6,868
Total tax charge for the year	(47,305)	6,868

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Further reductions in the UK corporation rate to 19% from 1 April 2017 and 18% from 1 April 2020, have been announced but not substantively enacted.

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

12. Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2015	451,068	89,000	1,755,977	2,296,045
Additions	-	-	206,114	206,114
Disposals	(451,068)	-	-	(451,068)
At 31 December 2015	-	89,000	1,962,091	2,051,091
Depreciation				
At 1 January 2015	409,671	67,597	1,560,627	2,037,895
Charge owned for the period	1,462	18,000	92,018	111,480
Disposals	(411,133)	-	-	(411,133)
At 31 December 2015	-	85,597	1,652,645	1,738,242
Net book value				
At 31 December 2015	-	3,403	309,446	312,849
At 31 December 2014	41,397	21,403	195,349	258,149

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2015 £	2014 £
Furniture, fittings and equipment	76,197	10,886

SOLLATEK (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2015****13. Stocks**

	2015 £	2014 £
Raw materials and consumables	455,523	400,671
Work in progress	82,885	23,328
Finished goods and goods for resale	727,920	897,156
	<u>1,266,328</u>	<u>1,321,155</u>

Stock recognised in cost of sales during the year as an expense was £3,089,511 (2014 - £3,672,436).

14. Debtors

	2015 £	As restated 2014 £
Trade debtors	2,349,651	2,313,476
Amounts owed by group undertakings	5,666,417	4,708,667
Other debtors	77,151	-
Prepayments and accrued income	410,265	267,004
	<u>8,503,484</u>	<u>7,289,147</u>

Included within trade debtors are amounts where the entity has transferred financial assets to another party but does not qualify for derecognition. The Company remains subject to the risk of non-payment by the customers. Included within creditors are amounts totalling £500,300 (2014 - £969,536) in respect of these financial assets.

15. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	104,511	83,274
Less: bank overdrafts	(59,063)	(149,554)
	<u>45,448</u>	<u>(66,280)</u>

SOLLATEK (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2015****16. Creditors: Amounts falling due within one year**

	2015 £	2014 £
Bank overdrafts	59,063	149,554
Bank loans	983,631	1,327,543
Trade creditors	1,592,926	1,294,647
Amounts owed to group undertakings	1,804,579	2,009,757
Taxation and social security	369,764	236,982
Obligations under finance lease and hire purchase contracts	36,031	4,342
Other creditors	1,345,770	549,868
Accruals and deferred income	436,031	52,723
	<u>6,627,795</u>	<u>5,625,416</u>

Secured loans

The following liabilities disclosed under creditors falling due within one year are secured by the Company:

	2015 £	2014 £
Bank loans and overdrafts	1,042,694	1,477,097
Finance lease agreements	36,031	4,342
	<u>1,078,725</u>	<u>1,481,439</u>

The security for the bank loans and overdrafts is as follows:

- a) Unlimited guarantee from the Company's parent undertaking.
- b) Unlimited guarantee from a fellow subsidiary undertaking.
- c) Mortgage debenture incorporating a fixed and floating charge over all assets of the Company.
- d) The bank overdrafts are personally guaranteed by a director of the Company, up to the value of £250,000 (2014 - £250,000).

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

	2015 £	2014 £
Obligations under finance lease and hire purchase contracts	64,187	12,967

Secured loans

The liabilities disclosed under creditors falling due after more than one year are secured by the Company.

SOLLATEK (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2015**

18. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2015 £	2014 £
Within one year	36,031	4,342
Between 1-2 years	43,701	12,967
Between 2-5 years	20,486	-
	<u>100,218</u>	<u>17,309</u>

19. Financial instruments

	2015 £	2014 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>8,486,124</u>	<u>7,275,053</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(6,691,982)</u>	<u>(5,638,383)</u>

Financial assets measured at amortised cost comprise trade and other debtors, amounts due from group undertakings, accrued income and VAT repayable.

Financial Liabilities measured at amortised cost comprise bank loans and overdrafts, trade and other creditors, amounts owed to group undertakings, accruals, obligations under finance leases and amounts payable in respect of taxation and social security.

SOLLATEK (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

20. Deferred taxation

	2015
	£
Charged to the profit or loss	(19,362)
At end of year	(19,362)
The deferred taxation balance is made up as follows:	
	2015
	£
Accelerated capital allowances	(58,800)
Tax losses carried forward	30,922
Other timing differences	8,516
	(19,362)

21. Share capital

	2015	2014
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
180,279 Ordinary shares of £1 each	180,279	180,279

22. Reserves

Share premium

Represents the difference between the par value of the shares issued and the subscription or issue price of shares.

Capital redemption reserve

Represents a non-distributable reserve and represents paid up share capital

Profit and loss account

Includes all current and prior period retained profits and losses, less dividends paid.

23. Prior year adjustment

The Company has reclassified amounts of £1,925,317 within debtors at 31 December 2014 from trade debtors to amounts owed by group undertakings to reflect the nature of the balance due. There is no effect on the company's profit or loss or its net asset position at both 1 January 2014 and 31 December 2014.

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

24. Pension commitments

The Company operates a pension scheme which provides for the payment of the full contribution by the company. The scheme operates on a defined contribution money purchase basis and the contributions are charged to the profit and loss account as they arise. The charge for the year was £15,651 (2014 - £nil).

At the balance sheet date, the amount due in respect of pension contributions is £42,557 (2014 - £37,607).

25. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	8,200	1,000
Later than 1 year and not later than 5 years	27,900	2,000
Later than 5 years	-	500
Total	36,100	3,500

SOLLATEK (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

26. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties.

Transactions entered into, and balances outstanding at 31 December, are as follows:

	2015 £	2014 £
Entities with control, joint control or significant influence over the Company		
Purchases	54,000	54,000
Amounts payable	1,416,603	1,391,248
	<u> </u>	<u> </u>
Other related parties		
Sales	248,983	1,004,437
Purchases	789,036	1,408,242
Recharged expenses	139,996	232,910
Amounts receivable	6,059,322	4,961,577
Amounts payable	387,976	618,509
	<u> </u>	<u> </u>

All balances are unsecured, interest free and repayable on demand.

Key management personnel includes those persons having authority and responsibility for planning and controlling the activities of the entity, directly or indirectly, including directors. The directors are of the opinion that no personnel, other than the directors, meet the definition of key management personnel and therefore details of the total amounts paid to key management personnel during the year is disclosed in note 9.

During the year the company occupied a property rent free that has been acquired by the pension funds of certain employees and directors.

27. Parent undertaking

The company's immediate and ultimate parent undertaking is Sollatek Limited, a company incorporated in Liberia.

28. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.