

Company Registration No. 02233044 (England and Wales)

POWDER SYSTEMS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020
PAGES FOR FILING WITH REGISTRAR



POWDER SYSTEMS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	4		256,173		259,262
Tangible assets	5		193,239		145,110
			<u>449,412</u>		<u>404,372</u>
Current assets					
Stocks		752,779		529,416	
Debtors	6	2,771,224		3,531,022	
Cash at bank and in hand		1,327,793		464,369	
		<u>4,851,796</u>		<u>4,524,807</u>	
Creditors: amounts falling due within one year	7	<u>(3,804,488)</u>		<u>(3,489,800)</u>	
Net current assets			<u>1,047,308</u>		<u>1,035,007</u>
Total assets less current liabilities			<u>1,496,720</u>		<u>1,439,379</u>
Provisions for liabilities	9		<u>(73,874)</u>		<u>(57,303)</u>
Net assets			<u><u>1,422,846</u></u>		<u><u>1,382,076</u></u>
Capital and reserves					
Called up share capital			76,627		76,627
Share premium account	10		49,921		49,921
Capital redemption reserve	10		53,694		53,694
Profit and loss reserves	10		1,242,604		1,201,834
Total equity			<u><u>1,422,846</u></u>		<u><u>1,382,076</u></u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 March 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

POWDER SYSTEMS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the board of directors and authorised for issue on 24 March 2021 and are signed on its behalf by:



A Gowans
Director

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Powder Systems Limited is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The registered office is Estuary Business Park, Speke, Liverpool, Merseyside, L24 8RG.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Going concern

In considering the appropriateness of the going concern basis of preparation, the Directors have considered current trading performance and forecasts for the for at least twelve months from the date of signing the 2020 financial statements.

The global COVID-19 pandemic has not significantly affected the company's reported results for the year ended 31 March 2020. The effects of the pandemic have been felt in the period and include ability to travel and social distancing measures. Prompt action was taken to furlough staff and new ways of working implemented, such as remote installation and testing. Operationally, social distancing measures were implemented and remote working instigated for those that could work from home.

The scenarios under which forecasts have been prepared take a prudent review of the easing of these restrictions, in arriving at the overall conclusion on going concern. The Directors believe the Company is now securely positioned to navigate through these uncertain times.

The latest trading forecasts indicates that the Company will continue to operate as a going concern for the 12 month period to 31 March 2022. The latest forecasts are based on only secured orders and projects which are most likely to materialise. After making detailed enquiries and forecasting, the Directors have formed a judgment, at the time of approving the financial statements, that there is a strong expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and/or services in the ordinary nature of the business and is shown net of Value Added Tax.

When the outcome of a project can be estimated reliably and it is probable that the project will be profitable, turnover and costs are recognised over the period of the project.

When it is probable that total project costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

When the outcome of a project cannot be estimated reliably, project turnover is recognised only to the extent of project costs that are recoverable and the project costs are expensed as incurred.

The Company uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of project costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for project costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets, depending on their nature, and provided it is probable they will be recovered.

Intangible fixed assets other than goodwill

The Company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- (b) Its intention to complete the development and to use or sell the intangible asset.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits.
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight line basis over its useful life, which 2 years.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss, within administrative costs, on a straight-line basis over their useful lives, as follows:-

Software	33% on cost
Patents	10% on cost
Development Costs	50% on cost

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold Land and buildings	20% on cost
Plant and machinery	at varying rates on cost
Fixtures, fittings and equipment	20%-33.3% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost 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, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts due to fellow group companies, are initially recognised at transaction price and subsequently measured at amortised cost unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest and subsequently measured at amortised cost.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the year end date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the year end date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the statement of financial position.

Leases

Operating Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	48	71

3 Directors' remuneration

	2020 £	2019 £
Remuneration paid to directors	175,411	445,235

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

4 Intangible fixed assets

	Other £
Cost	
At 1 April 2019	1,370,666
Additions	65,447
At 31 March 2020	<u>1,436,113</u>
Amortisation and impairment	
At 1 April 2019	1,111,404
Amortisation charged for the year	68,536
At 31 March 2020	<u>1,179,940</u>
Carrying amount	
At 31 March 2020	<u>256,173</u>
At 31 March 2019	<u>259,262</u>

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 April 2019	266,348	1,438,997	1,705,345
Additions	-	106,633	106,633
At 31 March 2020	<u>266,348</u>	<u>1,545,630</u>	<u>1,811,978</u>
Depreciation and impairment			
At 1 April 2019	266,348	1,293,887	1,560,235
Depreciation charged in the year	-	58,504	58,504
At 31 March 2020	<u>266,348</u>	<u>1,352,391</u>	<u>1,618,739</u>
Carrying amount			
At 31 March 2020	<u>-</u>	<u>193,239</u>	<u>193,239</u>
At 31 March 2019	<u>-</u>	<u>145,110</u>	<u>145,110</u>

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

6 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	767,532	566,618
Corporation tax recoverable	269,908	423,862
Amounts owed by group undertakings	1,018,350	591,794
Other debtors	509,343	1,764,061
	<u>2,565,133</u>	<u>3,346,335</u>
Deferred tax asset	206,091	184,687
	<u>2,771,224</u>	<u>3,531,022</u>

7 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	610,862	1,254,904
Taxation and social security	72,080	82,995
Other creditors	3,121,546	2,151,901
	<u>3,804,488</u>	<u>3,489,800</u>

The company has a debenture in place to secure all moneys and liabilities due to Barclays Bank plc. The debenture is secured by a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, bookdebts, uncalled capital, buildings, fixtures and fixed plant and machinery.

The company also has debentures in place to secure moneys due to a director of Powder Systems Limited and the shareholders of Powder Systems Group Limited. The debentures are secured by way of a fixed and floating charge over all property and assets owned by the business.

8 Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	14,789	14,788

9 Provisions for liabilities

	2020	2019
	£	£
Deferred tax liabilities	73,874	57,303

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	213,072	189,289
Between one and five years	631,340	623,882
In over five years	580,000	677,500
	<u>1,424,412</u>	<u>1,490,671</u>

12 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales 2020 £	2019 £
Entities over which the entity has control, joint control or significant influence	-	2,000

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due to related parties	-	20,000

POWDER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Directors' transactions

During the prior year a total of £400,000 was loaned to the business by 3 directors and subsequent charges over the assets of the company were lodged at Companies House. Interest on the loan is at 5% per annum and it is repayable on demand. An amount of £133,333 has been repaid in the year leaving an amount of £266,667 outstanding at 31 March 2020. Interest charged on the loan amount was £17,386 (2019: £Nil).

14 Parent company

The ultimate parent company is Powder Systems Group Limited, incorporated in Great Britain and registered in England and Wales.

The majority shareholders of Powder Systems Group Limited are Mrs K Pitcher and Mr M Pitcher.

At 28 March 2020 the immediate parent undertaking and controlling party was Powder Systems Holdings Limited. The Ultimate controlling parties are Mrs K Pitcher and Mr M Pitcher by way of their majority shareholding in Powder Systems Group Limited.