

EMSC (UK) Limited

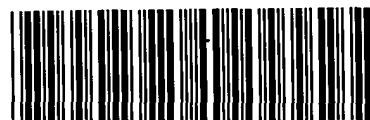
Report and Financial Statements

Year Ended

31 May 2014

Company Number 04209907

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EMSC (UK) Limited

Report and financial statements for the year ended 31 May 2014

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Directors

A Mardapittas
S Clegg
R Macklin
D Taylor
S D Hepplewhite

Secretary and registered office

L Mardapitta, EMS House Unit 2, 4 Cowley Way, Ecclesfield, Sheffield, S35 1QP

Company number

04209907

Auditors

BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU

EMSC (UK) Limited

Strategic report for the year ended 31 May 2014

The directors present their strategic report together with the audited financial statements for the year ended 31 May 2014.

Business review

Another strong performance in the year which has seen the introduction of an extended product range. Although sales were slightly down on the previous year we have exited the year with a healthy order book and a good mix of projects.

The year saw the first full 12 month sales of our new HV Max product. This has been very well accepted by our customer base and in response we have built an in house team to service the needs of this product. The HV Max has a significantly longer lead time than our other products due to its manufacturing process, the impact of this has been seen in an extension of our revenue recognition cycle.

Working capital has been a focus in the period and we have further enhanced our supply chain through long term supplier agreements.

Operationally we remain responsive as a business and have the correct products and processes to deliver an excellent engineered solution to our customers. We completed a number of upstream vertical integration projects during the year to further enhance our in house capabilities. Both quality standards ISO9001 and ISO14001 accreditations were audited in the year with a glowing report in both instances.

The immediate outlook for the business is to continue to develop customer relationships through the provision of our product portfolio and build on the market sectors where we have been successful. We have seen a shift in customer attitudes from a focus on reducing cost to an emphasis towards expansion projects. In both cases we are confident our products can help our customers achieve their objectives.

Principal risks and uncertainties

The principal challenges facing the company are:

(a) Product development

The further development of our products through continued research and development as well as the design of new products for new markets should enable the company to mitigate the risk.

(b) International operations

-- The challenge is to see development in overseas markets approach the success the company enjoys in the UK. This is being tackled as detailed under future developments.

Future developments

Continued focus from governments for economic and environmental performance to go hand in hand gives added incentive for us to further develop our range of products globally. In 2015 we will be launching a new energy saving technology that fits within the Powerstar family of products. Internationally we will focus on developing our key markets of Europe, Australasia and further expansion in the USA.

On behalf of the board


A Mardapittas
Director

10.2.15

EMSC (UK) Limited

Report of the directors for the year ended 31 May 2014

The directors present their report together with the audited financial statements for the year ended 31 May 2014.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

Interim dividends of £9,439 per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Principal activities

The principal activity of the company is the design, manufacture and sale of energy saving products, in particular voltage optimisation systems (Powerstar).

Future developments

Details of the review of business and likely future developments of the company are included in the strategic report on page 1.

Research and development

The company's research and development activities relate to the introduction of new energy saving products and to the improvement of existing products. Expenditure incurred on research and development during the year, which was charged to the profit and loss account, amounted to £179,617 (2013 - £614,019).

Directors

The directors of the company during the year were:

A Mardapittas
S Clegg
R Macklin
K Barber (resigned 3 February 2014)
D Taylor (appointed 1 November 2013)
S D Hepplewhite (appointed 1 February 2014)

EMSC (UK) Limited

Report of the directors for the year ended 31 May 2014 (continued)

Directors' responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board


A Mardapittas

Director

10.2.15

EMSC (UK) Limited

Independent auditor's report

To the members of EMSC (UK) Limited

We have audited the financial statements of EMSC (UK) Limited for the year ended 31 May 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 statement of directors' responsibilities, 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 (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 May 2014 and of its profit 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

EMSC (UK) Limited

Independent auditor's report (*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.



Paul Davies (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Leeds
United Kingdom

10 February 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EMSC (UK) Limited

Profit and loss account for the year ended 31 May 2014

| | Note | 2014 £ | 2013 £ |
|--|------|-------------------------|-------------------------|
| Turnover | 2 | 10,982,875 | 12,364,163 |
| Cost of sales | | <u>6,915,906</u> | <u>8,134,782</u> |
| Gross profit | | 4,066,969 | 4,229,381 |
| Administrative expenses | | <u>1,695,655</u> | <u>1,728,494</u> |
| | | 2,371,314 | 2,500,887 |
| Other operating income | | <u>24,528</u> | <u>17,800</u> |
| Operating profit | 3 | 2,395,842 | 2,518,687 |
| Other interest receivable and similar income | | 21,972 | 17,271 |
| Interest payable and similar charges | 6 | <u>(46,174)</u> | <u>(31,017)</u> |
| Profit on ordinary activities before taxation | | 2,371,640 | 2,504,941 |
| Taxation on profit on ordinary activities | 7 | <u>236,675</u> | <u>410,459</u> |
| Profit on ordinary activities after taxation | | <u>2,134,965</u> | <u>2,094,482</u> |

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 20 form part of these financial statements.

EMSC (UK) Limited

Balance sheet at 31 May 2014

| <i>Company number 04209907</i> | Note | 2014 £ | 2014 £ | 2013 £ | 2013 £ |
|--|------|------------|-----------|-----------|-----------|
| Fixed assets | | | | | |
| Intangible assets | 9 | | 14,985 | | 23,862 |
| Tangible assets | 10 | | 2,316,101 | | 2,342,345 |
| Fixed asset investments | 11 | | 876 | | 876 |
| | | | <hr/> | | <hr/> |
| | | | 2,331,962 | | 2,367,083 |
| Current assets | | | | | |
| Stocks | 12 | 1,337,365 | | 964,325 | |
| Debtors | 13 | 7,176,677 | | 4,779,462 | |
| Cash at bank and in hand | | 1,556,404 | | 2,132,564 | |
| | | <hr/> | | <hr/> | |
| | | 10,070,446 | | 7,876,351 | |
| Creditors: amounts falling due within one year | 14 | 4,027,588 | | 2,922,196 | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 6,042,858 | | 4,954,155 |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 8,374,820 | | 7,321,238 |
| Creditors: amounts falling due after more than one year | 15 | 1,183,945 | | 1,332,500 | |
| Provisions for liabilities | 16 | 53,803 | | 42,700 | |
| | | <hr/> | | <hr/> | |
| | | | 1,237,748 | | 1,375,200 |
| | | | <hr/> | | <hr/> |
| | | | 7,137,072 | | 5,946,038 |
| | | | <hr/> | | <hr/> |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 100 | | 100 |
| Profit and loss account | 18 | | 7,136,972 | | 5,945,938 |
| | | | <hr/> | | <hr/> |
| Shareholders' funds | 19 | | 7,137,072 | | 5,946,038 |
| | | | <hr/> | | <hr/> |

The financial statements were approved by the board of directors and authorised for issue on 10/2/15


A Mardapittas
Director

The notes on pages 8 to 20 form part of these financial statements.

EMSC (UK) Limited

Notes forming part of the financial statements for the year ended 31 May 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Consolidated financial statements

The financial statements contain information about EMSC (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by EMSC Global Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

The company recognises revenue when the installation of goods is complete or if no installation when the goods are dispatched.

Amounts invoiced for which the revenue recognition criteria have yet to be satisfied are held within creditors and released to turnover in the period when the above revenue recognition criteria have been met.

Intangible assets

Intangible fixed assets relate to trademarks and patents. The trademark rights are recognised at cost and amortised over ten years on a straight line basis. Patents are recognised when applied for and amortised at 80% per annum on a reducing balance basis.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

| | |
|-----------------------|------------------------|
| Freehold property | - 2% straight line |
| Plant and machinery | - 25% reducing balance |
| Motor vehicles | - 25% reducing balance |
| Fixtures and fittings | - 25% reducing balance |
| Computer equipment | - 33% straight line |

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis, including an addition for production overheads where appropriate. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

EMSC (UK) Limited

Notes forming part of the financial statements for the year ended 31 May 2014 (*continued*)

1 Accounting policies (*continued*)

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Deferred taxation

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 the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (continued)

2 Turnover

| | 2014 £ | 2013 £ |
|----------------------------------|------------|------------|
| Analysis by geographical market: | | |
| United Kingdom | 10,515,882 | 11,312,143 |
| Rest of European Union | 202,496 | 515,424 |
| Rest of the world | 264,497 | 536,596 |
| | <hr/> | <hr/> |
| | 10,982,875 | 12,364,163 |
| | <hr/> | <hr/> |

Turnover is wholly attributable to the principal activity of the company.

3 Operating profit

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| This is arrived at after charging/(crediting): | | |
| Research and development - current year's expenditure | 179,617 | - |
| Depreciation of tangible fixed assets | 94,450 | 94,268 |
| Amortisation of other intangible fixed assets | 12,602 | 12,035 |
| Loss on disposal of tangible fixed assets | 1,309 | 36,595 |
| Hire of plant and machinery - operating leases | 78,203 | 54,227 |
| Fees payable to the company's auditor for the auditing of the company's annual accounts | 23,000 | 23,000 |
| Exchange differences | (128) | - |
| | <hr/> | <hr/> |

4 Employees

Staff costs (including directors) consist of:

| | 2014 £ | 2013 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 2,297,507 | 2,435,714 |
| Social security costs | 256,319 | 259,434 |
| | <hr/> | <hr/> |
| | 2,553,826 | 2,695,148 |
| | <hr/> | <hr/> |

EMSC (UK) Limited

Notes forming part of the financial statements for the year ended 31 May 2014 (continued)

4 Employees (continued)

The average number of employees (including directors) during the year was as follows:

| | 2014 Number | 2013 Number |
|------------------------|----------------|----------------|
| Production | 36 | 36 |
| Sales and distribution | 22 | 27 |
| Administration | 11 | 12 |
| | <hr/> | <hr/> |
| | 69 | 75 |
| | <hr/> | <hr/> |

5 Directors' remuneration

| | 2014 £ | 2013 £ |
|-----------------------|-----------|-----------|
| Directors' emoluments | 332,806 | 257,081 |
| | <hr/> | <hr/> |

The total amount payable to the highest paid director in respect of emoluments was £94,250 (2013 - £102,298).

6 Interest payable and similar charges

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Bank loans and overdrafts | 43,764 | 26,638 |
| Finance leases and hire purchase contracts | 2,410 | - |
| Other interest payable | - | 4,379 |
| | <hr/> | <hr/> |
| | 46,174 | 31,017 |
| | <hr/> | <hr/> |

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (*continued*)

7 Taxation on profit on ordinary activities

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| <i>UK Corporation tax</i> | | |
| Current tax on profits of the year | 225,574 | 409,488 |
| Adjustment in respect of previous periods | (2) | (17,854) |
| | <hr/> | <hr/> |
| Total current tax | 225,572 | 391,634 |
| | <hr/> | <hr/> |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 16,673 | 16,814 |
| Adjustment in respect of previous periods | - | 3,750 |
| Effect of tax rate change on opening balance | (5,570) | (1,739) |
| | <hr/> | <hr/> |
| Movement in deferred tax provision | 11,103 | 18,825 |
| | <hr/> | <hr/> |
| Taxation on profit on ordinary activities | 236,675 | 410,459 |
| | <hr/> | <hr/> |

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Profit on ordinary activities before tax | 2,371,640 | 2,504,941 |
| | <hr/> | <hr/> |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 22.67% (2013 - 23.83%) | 537,651 | 596,927 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 45,798 | 56,692 |
| Capital allowances for period in excess of depreciation | (15,721) | (16,814) |
| Adjustment to tax charge in respect of previous periods | (2) | (17,854) |
| Group relief surrendered for nil payment | (59,301) | - |
| Patent box deduction | (177,419) | - |
| Additional deduction for R&D | (105,434) | (102,619) |
| Non taxable income | - | (124,698) |
| | <hr/> | <hr/> |
| Current tax charge for the year | 225,572 | 391,634 |
| | <hr/> | <hr/> |

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (*continued*)

8 Dividends

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Ordinary shares | | |
| Interim paid of £9,439 (2013 - £845) per share | 943,931 | 84,500 |

9 Intangible fixed assets

| | Patents £ | Trademarks £ | Total £ |
|-----------------------|--------------|-----------------|------------|
| <i>Cost</i> | | | |
| At 1 June 2013 | 63,507 | 7,095 | 70,602 |
| Additions | 3,725 | - | 3,725 |
| At 31 May 2014 | 67,232 | 7,095 | 74,327 |
| <i>Amortisation</i> | | | |
| At 1 June 2013 | 44,116 | 2,624 | 46,740 |
| Provided for the year | 11,893 | 709 | 12,602 |
| At 31 May 2014 | 56,009 | 3,333 | 59,342 |
| <i>Net book value</i> | | | |
| At 31 May 2014 | 11,223 | 3,762 | 14,985 |
| At 31 May 2013 | 19,391 | 4,471 | 23,862 |

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (*continued*)

10 Tangible fixed assets

| | Freehold land and buildings £ | Plant and machinery £ | Motor vehicles £ | Total £ |
|-----------------------|-------------------------------------|-----------------------------|------------------------|------------------|
| <i>Cost</i> | | | | |
| At 1 June 2013 | 2,118,880 | 354,020 | 130,280 | 2,603,180 |
| Additions | 12,018 | 33,864 | 27,889 | 73,771 |
| Disposals | - | (13,929) | (32,612) | (46,541) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 May 2014 | 2,130,898 | 373,955 | 125,557 | 2,630,410 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | | |
| At 1 June 2013 | 9,382 | 166,872 | 84,581 | 260,835 |
| Provided for the year | 21,062 | 60,176 | 13,212 | 94,450 |
| Disposals | - | (13,375) | (27,601) | (40,976) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 May 2014 | 30,444 | 213,673 | 70,192 | 314,309 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | | |
| At 31 May 2014 | 2,100,454 | 160,282 | 55,365 | 2,316,101 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 May 2013 | 2,109,498 | 187,148 | 45,699 | 2,342,345 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows:

| | 2014 £ | 2013 £ |
|-----------------------------|---------------|-----------|
| <i>Net book value</i> | | |
| Motor vehicles | 18,304 | - |
| | <hr/> | <hr/> |
| <i>Depreciation charged</i> | | |
| Motor vehicles | 2,716 | - |
| | <hr/> | <hr/> |

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (*continued*)

11 Fixed asset investments

| | Group undertakings £ |
|--------------------------------|----------------------------|
| <i>Cost or valuation</i> | |
| At 1 June 2013 and 31 May 2014 | 876 |

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

| | Country of incorporation or registration | Class of share capital held | Proportion of share capital held | Nature of business |
|--------------------------|--|--------------------------------|---|---|
| EMSC (Cyprus) Limited | Cyprus | Ordinary | 100% | Sale of energy management equipment |
| EMSC (Australia) Pty Ltd | Australia | Ordinary | 100% | Sale of energy saving products |

12 Stocks

| | 2014 £ | 2013 £ |
|-------------------------------------|-----------------|---------------|
| Work in progress | 623,217 | 479,933 |
| Finished goods and goods for resale | 714,148 | 484,392 |
| | <hr/> 1,337,365 | <hr/> 964,325 |

There is no material difference between the replacement cost of stocks and the amounts stated above.

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (*continued*)

13 Debtors

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Amounts receivable within one year | | |
| Trade debtors | 3,404,723 | 2,736,070 |
| Amounts owed by group undertakings | 2,079,071 | 582,013 |
| Directors' loan accounts | 1,094,566 | 994,717 |
| Other debtors | 1,120 | 70,967 |
| Prepayments and accrued income | 328,588 | 145,369 |
| | <hr/> | <hr/> |
| | 6,908,068 | 4,529,136 |
| Amounts receivable after more than one year | | |
| Other debtors | 268,609 | 250,326 |
| | <hr/> | <hr/> |
| Total debtors | 7,176,677 | 4,779,462 |
| | <hr/> | <hr/> |

14 Creditors: amounts falling due within one year

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Bank loans and overdrafts (secured) | 160,000 | 115,000 |
| Trade creditors | 1,445,784 | 697,645 |
| Corporation tax | 525,009 | 477,012 |
| Other taxation and social security | 387,447 | 366,122 |
| Obligations under finance lease and hire purchase contracts | 6,869 | - |
| Other creditors | 2,717 | 1,900 |
| Accruals and deferred income | 1,499,762 | 1,264,517 |
| | <hr/> | <hr/> |
| | 4,027,588 | 2,922,196 |
| | <hr/> | <hr/> |

Obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (continued)

15 Creditors: amounts falling due after more than one year

| | 2014 £ | 2013 £ |
|---|------------------|------------------|
| Bank loans (secured) | 1,172,500 | 1,332,500 |
| Obligations under finance lease and hire purchase contracts | 11,445 | - |
| | <u>1,183,945</u> | <u>1,332,500</u> |

Maturity of debt:

| | Loans and overdrafts 2014 £ | Loans and overdrafts 2013 £ | Finance leases 2014 £ | Finance leases 2013 £ |
|---|--------------------------------------|--------------------------------------|--------------------------------|--------------------------------|
| In one year or less, or on demand | <u>160,000</u> | <u>115,000</u> | <u>6,869</u> | <u>-</u> |
| In more than one year but not more than two years | 160,000 | 160,000 | 11,445 | - |
| In more than two years but not more than five years | 505,000 | 480,000 | - | - |
| In more than five years | <u>507,500</u> | <u>692,500</u> | <u>-</u> | <u>-</u> |
| | <u>1,172,500</u> | <u>1,332,500</u> | <u>11,445</u> | <u>-</u> |

The bank loans comprise:

- Loan of £1,050,000 repayable by 30 July 2022. This loan bears interest at LIBOR plus 2.5%. At 31 May 2014 the amount outstanding on this loan was £927,500 (2013 - £997,500).
- Loan of £450,000 repayable by 24 November 2018. This loan bears interest at LIBOR plus 2.75%. At 31 May 2014 the amount outstanding on this loan was £405,000 (2013 - £450,000).

The bank loans are secured with a first legal charge over the company's property and debentures held over all the assets of the company.

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (*continued*)

16 Provisions for liabilities

| | Deferred taxation £ |
|------------------------------------|---------------------------|
| At 1 June 2013 | 42,700 |
| Charged to profit and loss account | 11,103 |
| | <hr/> |
| At 31 May 2014 | 53,803 |
| | <hr/> |

Deferred taxation

| | 2014 £ | 2013 £ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 53,803 | 42,700 |
| | <hr/> | <hr/> |

The deferred tax balances have been reduced in line with the tax rate change to 20% for future years based on tax rates and laws substantively enacted at the balance sheet date.

17 Share capital

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| <i>Allotted, called up and fully paid</i> | | |
| 100 Ordinary shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |

18 Reserves

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 June 2013 | 5,945,938 |
| Profit for the year | 2,134,965 |
| Dividends | (943,931) |
| | <hr/> |
| At 31 May 2014 | 7,136,972 |
| | <hr/> |

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 (*continued*)

19 Reconciliation of movements in shareholders' funds

| | 2014 £ | 2013 £ |
|--------------------------------------|-----------|-----------|
| Profit for the year | 2,134,965 | 2,094,482 |
| Dividends | (943,931) | (84,500) |
| Net additions to shareholders' funds | 1,191,034 | 2,009,982 |
| Opening shareholders' funds | 5,946,038 | 3,936,056 |
| Closing shareholders' funds | 7,137,072 | 5,946,038 |

20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

| | Other 2014 £ | Other 2013 £ |
|--------------------------------|--------------------|--------------------|
| Operating leases which expire: | | |
| Within one year | 11,237 | 10,304 |
| In two to five years | 61,000 | 32,696 |
| | 72,237 | 43,000 |

21 Related party disclosures

The company is a wholly owned subsidiary of EMSC Global Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with EMSC Global Limited or other wholly owned subsidiaries within the group.

Related party transactions and balances

| | Sales to related party £ | Purchases from related parties £ | Amounts owed by related parties £ |
|------------------|--------------------------------|---|---|
| 2014 | | | |
| VO4 Home Limited | 12,876 | 43,774 | 749,862 |
| 2013 | | | |
| VO4 Home Limited | 48,309 | 12,624 | 698,018 |

VO4 Home Limited is a company controlled by A Mardapittas.

EMSC (UK) Limited

Notes forming part of the financial statements
for the year ended 31 May 2014 *(continued)*

21 Related party disclosures *(continued)*

Loans and transactions concerning directors and officers of the company

| | Amounts owed by directors £ | Maximum amounts owed by directors £ |
|--------------------------------|--------------------------------------|---|
| 2014 | | |
| A Mardapittas | 567,849 | 567,849 |
| A Mardapittas and L Mardapitta | 526,717 | 526,717 |
| | <hr/> | <hr/> |
| 2013 | | |
| A Mardapittas | 494,717 | 494,717 |
| A Mardapittas and L Mardapitta | 500,000 | 500,000 |
| | <hr/> | <hr/> |

22 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of EMSC Global Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by EMSC Global Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House, Cardiff. No other group accounts include the results of the company.