

Vitesse PLC
Financial Statements
30 June 2019



Vitesse PLC
Financial Statements
Year ended 30 June 2019

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Vitesse PLC

Officers and Professional Advisers

The board of directors

C P Mather
R A Parncutt

Company secretary

C Hancock

Registered office

Nexus House
2 Cray Road
Sidcup
Kent
England
DA14 5DA

Auditor

McBrides Business Advisers Limited
Chartered Accountants & statutory auditor
Nexus House
2 Cray Road
Sidcup, Kent
DA14 5DA

Vitesse PLC

Strategic Report

Year ended 30 June 2019

The purpose of the strategic report is to inform members of the company and help them assess how the directors have performed their duty under section 172 (duty to promote success of the company).

Fair review of the business

The company has five revenue streams which include remanufactured printer cartridges, standard desktop printer repairs, managed print division, desktop rental division and the sale and service of multifunction devices.

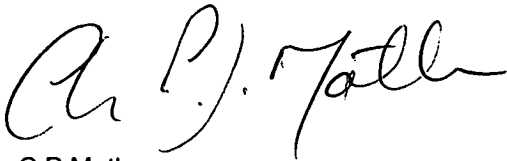
The company has continued to utilise cash flow to fund the capital expenditure requirements of the rental fleet and asset finance facilities have been utilised during the financial year to support the financing of fixed assets.

Management use a range of performance measures to monitor and manage the business including turnover and EBITDA. The company recorded a turnover of £11.5m (2018: £13.8m). EBITDA for the year was £1.13m, (2018: £0.99m). In addition, the company's gross profit margin has improved to 54%. The directors are also pleased to note growth in the company's net assets at the year end.

Principle risks and uncertainties

The principle risk facing the business is the impact of ongoing print requirements of customers in the sector. The A3 print usage by customer is declining although A4 print usage remains at stable levels. In addition, raw material used by the company, notably toner products, can be subject to varying quality. Ongoing quality assurance procedures help to mitigate the impact of this risk on the company's customers.

This report was approved by the board of directors on 20 Dec 2019 and signed on behalf of the board by:



C P Mather
Director

Registered office:
Nexus House
2 Cray Road
Sidcup
Kent
England
DA14 5DA

Vitesse PLC

Directors' Report

Year ended 30 June 2019

The directors present their report and the financial statements of the company for the year ended 30 June 2019.

Principal activities

The principal activity of the company during the year was provision of printer cartridges, computer consumables and printer repairs.

Directors

The directors who served the company during the year were as follows:

C P Mather
R A Parncutt

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Interest rate risk

The company does have some exposure to interest rate risk, arising from its external borrowings. The company's interest cost is reduced during the period, reflecting reduced interest rate risk. While there is an element of sensitivity to interest receivable on surplus funds, this is not considered significant at the company's risk profile.

Liquidity risk

The company manages liquidity risk by monitoring cash flow forecasts and ensuring that there is an adequate headroom to meet its obligations.

The majority of the company's liabilities are short-term in nature.

Credit risk

The principal area of credit risk is trade debtors. The company monitors the financial position of its customers on an ongoing basis. The granting of customer credit is controlled by frequent monitoring and the company has a history of minimal bad debt. The company sets stringent criteria before extending credit facilities to prospective customers and has limited exposure to any particular customer. At the reporting date, management did not consider there to be any significant credit risk exposure.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 the profit or loss of the company for that period.

Vitesse PLC

Directors' Report *(continued)*

Year ended 30 June 2019

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

A resolution to reappoint McBrides Business Advisers Limited as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors on 20 Dec 2019 and signed on behalf of the board by:



C P Mather
Director

Registered office:
Nexus House
2 Cray Road
Sidcup
Kent
England
DA14 5DA

Vitesse PLC

Independent Auditor's Report to the Members of Vitesse PLC

Year ended 30 June 2019

Opinion

We have audited the financial statements of Vitesse PLC (the 'company') for the year ended 30 June 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Vitesse PLC

Independent Auditor's Report to the Members of Vitesse PLC *(continued)*

Year ended 30 June 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Vitesse PLC

Independent Auditor's Report to the Members of Vitesse PLC *(continued)*

Year ended 30 June 2019

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Vitesse PLC

Independent Auditor's Report to the Members of Vitesse PLC *(continued)*

Year ended 30 June 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.

McBrides Business Advisers Limited
Mark Grady (Senior Statutory Auditor)

For and on behalf of
McBrides Business Advisers Limited
Chartered Accountants & statutory auditor
Nexus House
2 Cray Road
Sidcup, Kent
DA14 5DA

23/12/19

Vitesse PLC
Statement of Comprehensive Income
Year ended 30 June 2019

	Note	2019 £	Re-stated 2018 £
Turnover	4	11,515,178	13,753,797
Cost of sales		<u>(5,290,867)</u>	<u>(7,492,344)</u>
Gross profit		6,224,311	6,261,453
Administrative expenses		<u>(5,914,994)</u>	(6,384,832)
Other operating income	5	<u>157,299</u>	<u>146,873</u>
Operating profit	6	466,616	23,494
Interest payable and similar expenses	10	<u>(43,375)</u>	<u>(57,348)</u>
Profit/(loss) before taxation		423,241	(33,854)
Tax on profit/(loss)	11	<u>(164,381)</u>	<u>(49,793)</u>
Profit/(loss) for the financial year and total comprehensive income		<u>258,860</u>	<u>(83,647)</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.


Vitesse PLC

Statement of Financial Position

30 June 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	110,271	380,818
Tangible assets	14	1,533,782	1,387,822
		<u>1,644,053</u>	<u>1,768,640</u>
Current assets			
Stocks	15	789,021	793,995
Debtors	16	1,922,040	2,188,848
Cash at bank and in hand		42,156	39,932
		<u>2,753,217</u>	<u>3,022,775</u>
Creditors: amounts falling due within one year	18	<u>2,796,764</u>	<u>3,201,681</u>
Net current liabilities		<u>43,547</u>	<u>178,906</u>
Total assets less current liabilities		<u>1,600,506</u>	<u>1,589,734</u>
Creditors: amounts falling due after more than one year	19	156,613	242,105
Provisions			
Taxation including deferred taxation	21	54,015	(15,026)
Net assets		<u>1,389,878</u>	<u>1,362,655</u>
Capital and reserves			
Called up share capital	25	250,000	250,000
Share premium account	26	316,025	316,025
Profit and loss account	26	823,853	796,630
Shareholders funds		<u>1,389,878</u>	<u>1,362,655</u>

These financial statements were approved by the board of directors and authorised for issue on 20 June 2019, and are signed on behalf of the board by:


C P Mather
Director

Company registration number: 03873327

The notes on pages 13 to 23 form part of these financial statements.

Vitesse PLC

Statement of Changes in Equity

Year ended 30 June 2019

		Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 July 2017		250,000	316,025	1,078,011	1,644,036
Loss for the year				(83,647)	(83,647)
Total comprehensive income for the year		—	—	(83,647)	(83,647)
Dividends paid and payable	12	—	—	(197,734)	(197,734)
Total investments by and distributions to owners		—	—	(197,734)	(197,734)
At 30 June 2018		250,000	316,025	796,630	1,362,655
Profit for the year				258,860	258,860
Total comprehensive income for the year		—	—	258,860	258,860
Dividends paid and payable	12	—	—	(231,637)	(231,637)
Total investments by and distributions to owners		—	—	(231,637)	(231,637)
At 30 June 2019		<u>250,000</u>	<u>316,025</u>	<u>823,853</u>	<u>1,389,878</u>

The notes on pages 13 to 23 form part of these financial statements.

Vitesse PLC

Statement of Cash Flows

Year ended 30 June 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit/(loss) for the financial year		258,860	(83,647)
<i>Adjustments for:</i>			
Depreciation of tangible assets		387,713	693,502
Amortisation of intangible assets		270,547	270,547
Interest payable and similar expenses		43,375	57,348
Tax on profit/(loss)		164,381	49,793
Accrued (income)/expenses		(102,329)	48,977
<i>Changes in:</i>			
Stocks		4,974	(16,838)
Trade and other debtors		266,808	340,315
Trade and other creditors		(612,249)	(109,044)
Cash generated from operations		682,080	1,250,953
Interest paid		(43,375)	(57,348)
Tax paid		(86,132)	(126,070)
Net cash from operating activities		<u>552,573</u>	<u>1,067,535</u>
Cash flows from investing activities			
Purchase of tangible assets		(313,845)	(365,689)
Net cash used in investing activities		<u>(313,845)</u>	<u>(365,689)</u>
Cash flows from financing activities			
Payments of finance lease liabilities		(167,149)	(272,151)
Dividends paid		(231,637)	(197,734)
Net cash used in financing activities		<u>(398,786)</u>	<u>(469,885)</u>
Net (decrease)/increase in cash and cash equivalents		(160,058)	231,961
Cash and cash equivalents at beginning of year		(425,395)	(657,356)
Cash and cash equivalents at end of year	17	<u>(585,453)</u>	<u>(425,395)</u>

The notes on pages 13 to 23 form part of these financial statements.

Vitesse PLC

Notes to the Financial Statements

Year ended 30 June 2019

1. General information

The company is private company limited by shares, registered in England and Wales. The address of the registered office is Nexus House, 2 Cray Road, Sidcup, Kent, DA14 5DA, England. The trading address of the company is 15 Tennis Street, London, SE1 1YD.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared using the historical cost convention.

Trade and other debtors

Trade and other debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment, except where the effect of discounting would be immaterial. In such cases debtors are stated at transaction price less impairment losses. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the transaction.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Trade and other creditors

Trade and other creditors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial. In such cases creditors are stated at transaction price.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

3. Accounting policies *(continued)*

Revenue recognition

The turnover shown in the profit and loss account represents revenue earned during the year, exclusive of Value Added Tax and trade discounts.

Revenue from the rendering of goods and services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Judgements 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Taxation

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date in the country where the company operates and generate taxable income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Rental income from operating leases (net of any incentive given to the lessee) is recognised on a straight-line basis over the period of the lease.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and buildings - 10% straight line
Plant & machinery - 10% straight line
Fixtures & fittings - 25% straight line
Motor vehicles - 25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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 entity after deducting all of its financial liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

4. Turnover

Turnover arises from:

	2019 £	Re-stated 2018 £
Rendering of goods and services	<u>11,515,178</u>	<u>13,753,797</u>

During the year, the directors identified a material error to the reporting of turnover and cost of sales in the prior period ending 30 June 2018. This has required a reduction of both turnover and cost of sales of £6,568,287 in that period. The reduction does not alter the previously reported gross profit, loss before tax and net assets for the year ended 30 June 2018.

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2019 £	2018 £
Rental income	<u>157,299</u>	<u>146,873</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2019 £	2018 £
Amortisation of intangible assets	270,547	270,547
Depreciation of tangible assets	387,713	693,502
Impairment of trade debtors	<u>2,499</u>	<u>965</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	<u>26,250</u>	<u>25,000</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019 No.	2018 No.
Office and management	14	20
Sales, marketing and operations	<u>73</u>	<u>70</u>
	<u>87</u>	<u>90</u>

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

8. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	3,625,853	3,834,706
Social security costs	376,744	405,668
Other pension costs	63,824	47,982
	<u>4,066,421</u>	<u>4,288,356</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	241,762	264,670
Company contributions to defined contribution pension plans	6,300	5,400
	<u>248,062</u>	<u>270,070</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019	2018
	No.	No.
Defined contribution plans	<u>1</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2019	2018
	£	£
Aggregate remuneration	<u>208,200</u>	<u>228,300</u>

10. Interest payable and similar expenses

	2019	2018
	£	£
Interest on banks loans and overdrafts	22,616	20,455
Interest on obligations under finance leases and hire purchase contracts	20,759	36,893
	<u>43,375</u>	<u>57,348</u>

11. Tax on profit/(loss)

Major components of tax expense

	2019	2018
	£	£
Current tax:		
UK current tax expense	95,340	85,964

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

11. Tax on profit/(loss) *(continued)*

	2019 £	2018 £
Deferred tax:		
Origination and reversal of timing differences	<u>69,041</u>	<u>(36,171)</u>
Tax on profit/(loss)	<u>164,381</u>	<u>49,793</u>

Reconciliation of tax expense

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit/(loss) on ordinary activities before taxation	<u>423,241</u>	<u>(33,854)</u>
Profit/(loss) on ordinary activities by rate of tax	80,416	(6,432)
Effect of expenses not deductible for tax purposes	4,710	4,715
Effect of capital allowances and depreciation	10,214	87,681
Effect of deferred tax	<u>69,041</u>	<u>(36,171)</u>
Tax on profit/(loss)	<u>164,381</u>	<u>49,793</u>

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019 £	2018 £
Equity dividends on ordinary £1 shares	<u>231,637</u>	<u>197,734</u>

13. Intangible assets

	Goodwill £
Cost	
At 1 July 2018 and 30 June 2019	<u>3,205,528</u>
Amortisation	
At 1 July 2018	2,824,710
Charge for the year	<u>270,547</u>
At 30 June 2019	<u>3,095,257</u>
Carrying amount	
At 30 June 2019	<u>110,271</u>
At 30 June 2018	<u>380,818</u>

At the date of transition, 01 July 2014, the useful economic life of goodwill was estimated to be four years by the directors. This would have resulted in an amortisation charge of £338,184 per annum per FRS102 guidance. In the directors opinion however, writing off the remaining goodwill over five years from 01 July 2015 at £270,547 p.a. is more appropriate.

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

14. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 July 2018	61,251	4,984,274	700,458	898,193	6,644,176
Additions	3,637	379,736	41,718	108,582	533,673
At 30 June 2019	64,888	5,364,010	742,176	1,006,775	7,177,849
Depreciation					
At 1 July 2018	34,706	3,867,650	610,581	743,417	5,256,354
Charge for the year	7,010	276,797	9,997	93,909	387,713
At 30 June 2019	41,716	4,144,447	620,578	837,326	5,644,067
Carrying amount					
At 30 June 2019	23,172	1,219,563	121,598	169,449	1,533,782
At 30 June 2018	26,545	1,116,624	89,877	154,776	1,387,822

The net carrying amount of tangible assets includes plant and machinery of £269,429 (2018: £131,871) and motor vehicles of £144,888 (2018: £166,249) in respect of assets held under finance leases and hire purchase contracts.

15. Stocks

	2019 £	2018 £
Raw materials and consumables	789,021	793,995

16. Debtors

	2019 £	2018 £
Trade debtors	1,808,367	2,094,783
Prepayments and accrued income	64,127	44,519
Other debtors	49,546	49,546
	1,922,040	2,188,848

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2019 £	2018 £
Cash at bank and in hand	42,156	39,932
Bank overdrafts	(627,609)	(465,327)
	(585,453)	(425,395)

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

18. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	627,609	465,327
Trade creditors	982,090	1,335,533
Accruals and deferred income	345,613	499,632
Corporation tax	94,991	85,783
Social security and other taxes	420,572	491,740
Obligations under finance leases and hire purchase contracts	141,164	153,303
Other creditors	184,725	170,363
	<u>2,796,764</u>	<u>3,201,681</u>

Bank loans and overdrafts are secured by a debenture and a fixed and floating charge over all current and future assets of the company.

Obligation under hire purchase and leasing agreements are secured against the assets concerned.

19. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Obligations under finance leases and hire purchase contracts	156,613	91,795
Other creditors	–	150,310
	<u>156,613</u>	<u>242,105</u>

Obligation under finance lease and hire purchase contracts fall due in two to five years. Details of security granted for finance lease and hire purchases contracts are shown above under note 18.

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2019	2018
	£	£
Not later than 1 year	141,164	153,303
Later than 1 year and not later than 5 years	156,613	91,795
	<u>297,777</u>	<u>245,098</u>

21. Provisions

	Deferred tax (note 22)
	£
At 1 July 2018	(15,026)
Additions	69,041
At 30 June 2019	<u>54,015</u>

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018
	£	£
Included in provisions (note 21)	<u>54,015</u>	<u>(15,026)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Accelerated capital allowances	<u>54,015</u>	<u>(15,026)</u>

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £63,824 (2018: £47,982).

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019	2018
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	1,808,367	2,094,783
Other debtors	49,546	49,546
	<u>1,857,913</u>	<u>2,144,329</u>
Financial liabilities measured at amortised cost		
Trade creditors	982,088	1,335,533
Obligations under Hire Purchase	297,777	245,098
Other creditors	150,310	150,310
	<u>1,430,175</u>	<u>1,730,941</u>

25. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

26. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Vitesse PLC

Notes to the Financial Statements *(continued)*

Year ended 30 June 2019

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	214,000	–
Later than 1 year and not later than 5 years	517,068	214,000
Later than 5 years	–	95,000
	<u>731,068</u>	<u>309,000</u>

The total future minimum income receivable on non-cancellable operating leases related to the lease period of less than one year is £48,636 and in the period of 1 and 5 years is £72,928.

28. Related party transactions

The director of the company was paid a total of £214,000 (2018 - £214,000) for renting office and factory premises to the company.

29. Controlling party

The company was under the control of C Mather by virtue of his 100% ownership of issued share capital of the company. C Mather is the ultimate controlling party.