

Company Registration No. 04774091 (England and Wales)

EKM SYSTEMS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020
PAGES FOR FILING WITH REGISTRAR

EKM SYSTEMS LIMITED

CONTENTS

	Page
Balance sheet	1 - 2
Notes to the financial statements	3 - 10

EKM SYSTEMS LIMITED

BALANCE SHEET

AS AT 31 MAY 2020

		2020		2019 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	3		-		18,169
Tangible assets	4		1,341,721		1,915,101
Investment properties	5		285,171		-
			<u>1,626,892</u>		<u>1,933,270</u>
Current assets					
Debtors	6	1,146,389		919,533	
Investments	7	38,971		-	
Cash at bank and in hand		1,303,019		404,998	
		<u>2,488,379</u>		<u>1,324,531</u>	
Creditors: amounts falling due within one year	8	(1,862,194)		(1,578,066)	
Net current assets/(liabilities)			<u>626,185</u>		<u>(253,535)</u>
Total assets less current liabilities			2,253,077		1,679,735
Creditors: amounts falling due after more than one year	9		(401,542)		(554,102)
Provisions for liabilities			<u>(148,405)</u>		<u>(160,056)</u>
Net assets			<u>1,703,130</u>		<u>965,577</u>
Capital and reserves					
Called up share capital	10		100		100
Profit and loss reserves			1,703,030		965,477
Total equity			<u>1,703,130</u>		<u>965,577</u>

EKM SYSTEMS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MAY 2020

The director of the company has elected not to include a copy of the profit and loss account within the financial statements.

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

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

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

The financial statements were approved and signed by the director and authorised for issue on 22 January 2021

Mr A Chesworth
Director

Company Registration No. 04774091

EKM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

Company information

EKM Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is EKM, Caxton Road, Fulwood, Preston, PR2 9ZB.

1.1 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.

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 investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, valued added tax and other sales taxes.

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity. Amortisation 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:

Development costs	10% straight line
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1.5 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.

EKM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 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:

Freehold property	2% straight line
Property improvements	10% straight line
Plane	10% straight line
Furniture and fixtures	15% reducing balance
Office equipment & computers	33.33% straight line
Motor vehicles	25% reducing balance

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.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.7 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

EKM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.9 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 in the company's balance sheet 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 debtors and cash and bank balances, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price 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. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the 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.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

EKM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

EKM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 73 (2019 - 73).

3 Intangible fixed assets

	Other £
Cost	
At 1 June 2019 and 31 May 2020	181,663
	<u> </u>
Amortisation and impairment	
At 1 June 2019	163,494
Amortisation charged for the year	18,169
	<u> </u>
At 31 May 2020	181,663
	<u> </u>
Carrying amount	
At 31 May 2020	-
	<u> </u>
At 31 May 2019	18,169
	<u> </u>

EKM SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MAY 2020****4 Tangible fixed assets**

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 June 2019	1,808,406	1,725,734	3,534,140
Additions	-	34,158	34,158
Transfers	(346,335)	-	(346,335)
At 31 May 2020	<u>1,462,071</u>	<u>1,759,892</u>	<u>3,221,963</u>
Depreciation and impairment			
At 1 June 2019	539,447	1,079,592	1,619,039
Depreciation charged in the year	152,845	169,522	322,367
Transfers	(61,164)	-	(61,164)
At 31 May 2020	<u>631,128</u>	<u>1,249,114</u>	<u>1,880,242</u>
Carrying amount			
At 31 May 2020	<u>830,943</u>	<u>510,778</u>	<u>1,341,721</u>
At 31 May 2019	<u>1,268,959</u>	<u>646,142</u>	<u>1,915,101</u>

5 Investment property

	2020
	£
Fair value	
At 1 June 2019	-
Transfers	285,171
At 31 May 2020	<u>285,171</u>

The directors have considered the fair value of the investment property at the year end and are of the opinion the net book value reflects the fair value.

6 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	57,852	7,567
Amounts owed by group undertakings	625,430	739,921
Other debtors	463,107	172,045
	<u>1,146,389</u>	<u>919,533</u>

EKM SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MAY 2020****7 Current asset investments**

	2020	2019
	£	£
Other investments	38,971	-
	<u>38,971</u>	<u>-</u>

8 Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts	13,211	32,417
Trade creditors	100,873	142,424
Taxation and social security	611,847	358,015
Other creditors	1,136,263	1,045,210
	<u>1,862,194</u>	<u>1,578,066</u>

Bank loan of £13,211 are secured by a fixed and floating charge over the assets of the company.

Hire purchase liabilities of £1,829 are secured over the assets to which they relate.

9 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Bank loans and overdrafts	-	13,257
Taxation and social security	401,542	539,013
Other creditors	-	1,832
	<u>401,542</u>	<u>554,102</u>

10 Called up share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

11 Financial commitments, guarantees and contingent liabilities

The company has provided a guarantee in respect of borrowings in the parent company. As at the year end the total owed by the parent company in respect of these borrowings was £1,485,099 (2019: £1,565,299).

EKM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2020

12 Operating lease commitments

Lessee

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

	2020	2019
	£	£
	1,080,000	1,260,000
	<u>1,080,000</u>	<u>1,260,000</u>

13 Related party transactions

Details of guarantees provided in respect of related parties can be found in note 11.

The company has taken advantage of the exemption permitted under Section 1AC.35 from disclosing transactions with the parent company.

14 Directors' transactions

During the year the company provided a loan to a director. During the year the company made advances of £394,390 and received repayments of £81,788. Interest was charged at the HMRC approved rate and amounted to £4,142. At the year end the director owed the company £316,744 and was repaid after the year end.

The maximum overdrawn balance during the year was £346,203.

15 Prior period adjustment

Reconciliation of changes in equity

	Notes	1 June 2018 £	31 May 2019 £
Equity as previously reported		1,747,227	1,642,261
Adjustments to prior year			
Corporation tax	1	-	(676,684)
Equity as adjusted		<u>1,747,227</u>	<u>965,577</u>

Notes to reconciliation

1. Corporation tax

In the prior year the company recognised a liability in respect of taxation due for previous years. The liability is payable over a number of years but only the part paid in the prior year was released to the profit and loss account. A prior year adjustment has been made to release the entire liability to the profit and loss account in the 31 May 2019 year end.

