

SYSTEMATION EURO LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2018

FRIDAY



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21/12/2018 #205
COMPANIES HOUSE

SYSTEMATION EURO LIMITED
REGISTERED NUMBER: 02695678

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	4,430,361	2,484,309
Investments	5	1	1
		<u>4,430,362</u>	<u>2,484,310</u>
Current assets			
Stocks		67,944	61,319
Debtors: amounts falling due within one year	6	2,796,562	2,288,887
Cash at bank and in hand		35,652	17,429
		<u>2,900,158</u>	<u>2,367,635</u>
Creditors: amounts falling due within one year	7	(2,666,219)	(1,524,977)
Net current assets		<u>233,939</u>	<u>842,658</u>
Total assets less current liabilities		<u>4,664,301</u>	<u>3,326,968</u>
Creditors: amounts falling due after more than one year	8	(1,534,520)	(325,149)
Provisions for liabilities			
Deferred tax		(256,200)	(256,200)
		<u>(256,200)</u>	<u>(256,200)</u>
Net assets		<u><u>2,873,581</u></u>	<u><u>2,745,619</u></u>
Capital and reserves			
Called up share capital		151,428	151,428
Share premium account		128,570	128,570
Profit and loss account		2,593,583	2,465,621
		<u><u>2,873,581</u></u>	<u><u>2,745,619</u></u>

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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 financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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



.....
Mr V H Patel
Director

Date: 19.12.18

The notes on pages 3 to 12 form part of these financial statements.

SYSTEMATION EURO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Systemation Euro Limited ("the company") is a private company limited by shares incorporated in England and Wales under the Companies Act.

The registered number and address of the registered office is given in the company information.

The functional and presentational currency of the company is pounds sterling (£) and rounded to the nearest whole pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.5 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method and reducing balance.

Depreciation is provided on the following basis:

Freehold property	-	10% straight line
Plant and machinery	-	25% reducing balance
Motor vehicles	-	25% reducing balance
Office equipment	-	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Debtors

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

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

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

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.15 Financial instruments (continued)

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 33 (2017 - 27).

SYSTEMATION EURO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 April 2017	-	4,219,670	414,489	252,596	4,886,755
Additions	1,363,588	774,330	694,312	10,997	2,843,227
Disposals	-	-	(196,095)	(10,324)	(206,419)
At 31 March 2018	<u>1,363,588</u>	<u>4,994,000</u>	<u>912,706</u>	<u>253,269</u>	<u>7,523,563</u>
Depreciation					
At 1 April 2017	-	2,178,637	95,708	128,101	2,402,446
Charge for the year on owned assets	90,802	473,468	165,911	37,850	768,031
Disposals	-	-	(73,662)	(3,613)	(77,275)
At 31 March 2018	<u>90,802</u>	<u>2,652,105</u>	<u>187,957</u>	<u>162,338</u>	<u>3,093,202</u>
Net book value					
At 31 March 2018	<u>1,272,786</u>	<u>2,341,895</u>	<u>724,749</u>	<u>90,931</u>	<u>4,430,361</u>
At 31 March 2017	<u>-</u>	<u>2,041,033</u>	<u>318,781</u>	<u>124,495</u>	<u>2,484,309</u>

SYSTEMATION EURO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	1
At 31 March 2018	<u>1</u>
Net book value	
At 31 March 2018	<u><u>1</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Elcoteq Hungary Limited	Ordinary	100 %	Dormant

6. Debtors

	2018 £	2017 £
Trade debtors	683,261	878,084
Amounts owed by group undertakings	816,779	649,498
Other debtors	1,248,184	704,119
Prepayments and accrued income	48,338	57,186
	<u>2,796,562</u>	<u>2,288,887</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

SYSTEMATION EURO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. Creditors: Amounts falling due within one year

	2018 £	2017 £
Bank overdrafts	389,455	356,321
Bank loans	45,278	-
Trade creditors	358,912	282,889
Corporation tax	42,634	53,079
Other taxation and social security	101,079	84,296
Obligations under finance lease and hire purchase contracts	751,457	409,734
Other creditors	890,806	238,806
Accruals and deferred income	86,598	99,852
	<u>2,666,219</u>	<u>1,524,977</u>

Bank overdrafts of £389,455 (2017: £356,321) are secured over the company's assets.

Bank loans of £45,278 (2017: £nil) are secured over the company's assets.

Obligations under finance leases and hire purchases contracts of £751,457 (2017: £409,734) are secured against the assets concerned.

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

	2018 £	2017 £
Bank loans	800,730	-
Obligations under finance leases and hire purchase contracts	733,790	325,149
	<u>1,534,520</u>	<u>325,149</u>

Bank loans of £800,730 (2017: £nil) are secured over the company's assets.

Obligations under finance leases and hire purchases contracts of £733,790 (2017: £325,149) are secured against the assets concerned.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	45,278	-
	<u>45,278</u>	<u>-</u>
Amounts falling due 1-2 years		
Bank loans	46,912	-
	<u>46,912</u>	<u>-</u>
Amounts falling due 2-5 years		
Bank loans	151,137	-
	<u>151,137</u>	<u>-</u>
Amounts falling due after more than 5 years		
Bank loans	602,681	-
	<u>602,681</u>	<u>-</u>
	<u>846,008</u>	<u>-</u>

10. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £786 (2017: £718) were payable to the fund at the balance sheet date.

11. Transactions with directors

During the year V H Patel was loaned monies by the company. Advances to the director totalled £748,856 (2017: £331,955) and repayments made totalled £748,856 (2017: £331,955). At the balance sheet date £nil (2017: £nil) was owed by the director. Interest of £nil (2017: £nil) has been charged and is included in this balance. This balance has been included within other debtors.

SYSTEMATION EURO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

12. Related party transactions

Included within other debtors is a balance owed from Elcoteq Magyarorszag KFT. Ltd, a company with directors and shareholders in common totalling £82,828 (2017: £65,805).

Also included within other debtors is a balance owed from ISI of Indiana Inc, a company with directors holding equity interest totalling £103,424 (2017: £59,782).

Also included within other debtors is a balance owed from Checksys Euro Limited, a company with directors and shareholders in common totalling £169,449 (2017: £nil).

Also included within other debtors is a balance owed from Systorm UK Limited, a company with directors and shareholders in common, totalling £532,433 (2017: £32,255).

Also included within other debtors is a balance owed from Tapia Investments Limited, a company with directors and shareholders in common totalling £229,513 (2017: £46,836).

Also included within other debtors is a balance owed from Tapia Investments, a partnership with partners in common totalling £nil (2017: £484,592).

Also included within other debtors (2017: other creditors) is a balance owed from Mr H Patel, who is the father of the director totalling £52,768 (2017: £64,230 owed to).

Included within other creditors is a balance owed to Tyne Tools Limited, a company with shareholders in common totalling £2,908 (2017: £nil).

All balances are interest free and repayable on demand.

13. Controlling party

The company's immediate and ultimate parent company is Sys Holding Limited, a company incorporated in England and Wales, and holding all of the issued ordinary shares in this company. The registered office of Sys Holding Limited is The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF.