

Kovai Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2019

Kovai Limited

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Kovai Limited

(Registration number: 06976607)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Tangible assets	<u>4</u>	32,834	48,290
Investments	<u>5</u>	75,418	-
		<u>108,252</u>	<u>48,290</u>
Current assets			
Debtors	<u>6</u>	1,044,700	631,282
Cash at bank and in hand		<u>7,883,695</u>	<u>7,028,446</u>
		8,928,395	7,659,728
Creditors: Amounts falling due within one year	<u>7</u>	<u>(3,730,027)</u>	<u>(3,477,311)</u>
Net current assets		<u>5,198,368</u>	<u>4,182,417</u>
Total assets less current liabilities		5,306,620	4,230,707
Provisions for liabilities		<u>(1,636)</u>	<u>(2,674)</u>
Net assets		<u>5,304,984</u>	<u>4,228,033</u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>5,304,884</u>	<u>4,227,933</u>
Total equity		<u>5,304,984</u>	<u>4,228,033</u>

The notes on pages 3 to 9 form an integral part of these financial statements.
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Kovai Limited

(Registration number: 06976607) Balance Sheet as at 31 December 2019

For the financial year ending 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the director on 10 December 2020

M V Saravana-Kumar

Director

The notes on pages 3 to 9 form an integral part of these financial statements.

Kovai Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

2nd Floor, Planwell House
Lefa Business Park
Edington Way
SIDCUP
Kent
DA14 5BH
England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including section 1A of Financial Reporting Standard 102 - 'The Financial Reporting standard applicable in the United Kingdom and Republic of Ireland' 'FRS 102 1A, and with the Companies Act 2006.

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historic experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Kovai Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	25% straight line
Other property, plant and equipment	25% straight line

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets are classified as financial assets at fair value through profit or loss, loans and debtors, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, trade and other creditors, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

Recognition and measurement

All financial instruments are recognised initially at fair value plus transaction costs. Thereafter financial instruments are stated at amortised cost using the effective interest rate method (less impairment where appropriate) unless the effect of discounting would be immaterial in which case they are stated at cost (less impairment where appropriate). The exception to this are those financial instruments where it is a requirement to continue recording them at fair value through profit and loss.

Impairment

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

Trade and other debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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.

Trade and other creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 8 (2018 - 8).

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

4 Tangible assets

	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation			
At 1 January 2019	64,091	65,808	129,899
Additions	1,483	-	1,483
At 31 December 2019	65,574	65,808	131,382
Depreciation			
At 1 January 2019	50,018	31,591	81,609
Charge for the year	6,944	9,995	16,939
At 31 December 2019	56,962	41,586	98,548
Carrying amount			
At 31 December 2019	8,612	24,222	32,834
At 31 December 2018	14,073	34,217	48,290

5 Investments

	2019 £	2018 £
Other investment	75,418	-
Other investment		£
Cost or valuation		
Additions		75,418
At 31 December 2019		75,418

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

6 Debtors

	2019 £	2018 £
Trade debtors	446,894	593,634
Prepayments	50,617	6,149
Other debtors	547,189	31,499
	<u>1,044,700</u>	<u>631,282</u>

7 Creditors

	2019 £	2018 £
Due within one year		
Trade creditors	50,848	73,341
Other taxation and social security	11,861	14,613
Other creditors	3,312,967	2,824,145
Corporation tax	354,351	565,212
	<u>3,730,027</u>	<u>3,477,311</u>

8 Related party transactions

Transactions with directors

	At 1 January 2019 £	Advances to directors £	Repayments by director £	At 31 December 2019 £
2019	31,499	878,064	(1,145,705)	(236,142)

	At 1 January 2018 £	Advances to directors £	Repayments by director £	At 31 December 2018 £
2018	(20,507)	172,159	(120,153)	31,499

9 Financial commitments

Financial commitments, guarantees and contingencies

The total amount of financial commitments not included in the balance sheet is £10,543 (2018 - £28,616). The financial commitments relates to operating leases and the amount due within one year totals £10,543 (2018:

£18,073).

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2019

10 Non adjusting events after the financial period

At the time of approval of the accounts in December 2020, the UK is in a lockdown due to the Covid-19 pandemic. The director considers that this is going to have limited impact on the business during 2020. Even so, the decisions of the director at this time is based upon ensuring that business continues whilst at the same time safeguarding the health and well-being of employees.

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This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.