Company No: 06976607 (England and Wales)

KOVAI LIMITED

Unaudited Financial Statements
For the financial year ended 31 December 2020
Pages for filing with the registrar

KOVAI LIMITED
UNAUDITED FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

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KOVAI LIMITED
BALANCE SHEET
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	18,664	32,834
Investments	6	210,279	75,418
		228,943	**108,252**
Current assets			
Debtors	7	1,159,565	1,044,700
Cash at bank and in hand		9,900,354	7,883,695
		11,059,919	**8,928,395**
Creditors			
Amounts falling due within one year	8	(4,689,879)	(3,731,663)
Net current assets		**6,370,040**	**5,196,732**
Total assets less current liabilities		**6,598,983**	**5,304,984**
Net assets		**6,598,983**	**5,304,984**
Capital and reserves			
Called-up share capital		100	100
Profit and loss account		6,598,883	5,304,884
Total shareholder's funds		**6,598,983**	**5,304,984**

For the financial year ending 31 December 2020 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The member has not required the Company to obtain an audit of its financial statements for the financial year in accordance with section 476;
- The director acknowledges their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements; and
- These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and a copy of the Profit and Loss Account has not been delivered.

The financial statements of Kovai Limited (registered number: 06976607) were approved and authorised for issue by the Director on 29 September 2021. They were signed on its behalf by:

Mettupalayam Velumani Saravana-Kumar
Director

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year.

General information and basis of accounting

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

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

At the time of approval of the accounts, the Covid-19 pandemic has had a significant impact on the UK and the director considers that this is likely to have a limited impact on the business during 2021. The decisions of the director at this time are based upon ensuring that business continues whilst at the same time safeguarding the health and well-being of its suppliers and customers.

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.

Foreign currency

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.

Turnover

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.

Taxation

Current 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 tax
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 fixed 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 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:

Furniture, fittings and equipment - 25% straight line
Other property, plant and equipment - 25% straight line

Leases

The Company as lessee
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.

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.

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.

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.

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.

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.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Ordinary 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.

2. 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.

3. Employees

	2020	2019
	Number	Number
Monthly average number of persons employed by the Company during the year, including director	5	8

4. Tax on profit

	2020	2019
	£	£
Current tax on profit		
UK corporation tax	543,321	356,539
Total current tax	**543,321**	**356,539**
Deferred tax		
Origination and reversal of timing differences	3,546	(1,038)
Total deferred tax	**3,546**	**(1,038)**
Total tax on profit	**546,867**	**355,501**

Tax reconciliation

The tax assessed for the year is the same as (2019: the same as) the standard rate of corporation tax in the UK: 19%.

	2020	2019
	£	£
Profit before taxation	**2,840,866**	**2,577,989**
Tax on profit at standard UK corporation tax rate of 19.00% (2019: 19.00%)	539,765	489,818
Effects of:		
- Expenses not deductible for tax purposes	3,215	3,493
- Capital allowances	(523)	(282)
- (Over)/under provision in previous year	1,035	548
- Research & Development claims	0	(137,112)
- Deferred tax	3,546	(1,038)
- General provisions adjustment	(171)	74
Total tax charge for year	**546,867**	**355,501**

5. Tangible assets

	Plant and machinery	Office equipment	Total
	£	£	£
Cost			
At 01 January 2020	65,808	65,574	131,382
Additions	0	2,750	2,750
At 31 December 2020	**65,808**	**68,324**	**134,132**
Accumulated depreciation			
At 01 January 2020	41,586	56,962	98,548
Charge for the financial year	9,996	6,924	16,920
At 31 December 2020	**51,582**	**63,886**	**115,468**
Net book value			
At 31 December 2020	**14,226**	**4,438**	**18,664**
At 31 December 2019	**24,222**	**8,612**	**32,834**

6. Fixed asset investments

	Other investments	Total
	£	£
Carrying value before impairment		
At 01 January 2020	75,418	75,418
Additions	134,861	134,861
At 31 December 2020	**210,279**	**210,279**
Provisions for impairment		
At 01 January 2020	0	0
At 31 December 2020	**0**	**0**
Carrying value at 31 December 2020	**210,279**	**210,279**
Carrying value at 31 December 2019	75,418	75,418

7. Debtors

	2020	2019
	£	£
Trade debtors	746,847	446,894
Other debtors	412,718	597,806
	1,159,565	**1,044,700**

8. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	80,733	50,848
Other creditors	4,052,399	3,312,967
Corporation tax	547,466	355,987
Other taxation and social security	9,281	11,861
	4,689,879	**3,731,663**

9. Financial commitments

Commitments

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

	2020	2019
	£	£
- within one year	17,510	10,543
- between one and five years	90,274	0
	107,784	**10,543**

10. Related party transactions

Transactions with the entity's director

	2020	2019
	£	£
Director's Loan Account	(478,400)	(236,142)

During the year, advances to the director totalled £757,742, while repayments totalled £1,000,000.

Loans from directors are provided interest free and without security.

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.