

ALPHA SOLWAY LIMITED

FINANCIAL STATEMENTS

31 MAY 2018



ArmstrongWatson[®]

Accountants, Business & Financial Advisers

ALPHA SOLWAY LIMITED
REGISTERED NUMBER: SC177721

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2018

	Note	2018 £	Restated 2017 £
Fixed assets			
Tangible assets	5	517,067	530,495
Investments	6	461,906	461,906
		<u>978,973</u>	<u>992,401</u>
Current assets			
Stocks	7	2,054,135	1,396,500
Debtors: amounts falling due within one year	8	1,761,923	1,297,834
Cash at bank and in hand	9	396,502	325,072
		<u>4,212,560</u>	<u>3,019,406</u>
Creditors: amounts falling due within one year	10	(1,370,615)	(663,927)
Net current assets		<u>2,841,945</u>	<u>2,355,479</u>
Total assets less current liabilities		<u>3,820,918</u>	<u>3,347,880</u>
Provisions for liabilities			
Deferred tax	11	(11,698)	(32,621)
		<u>(11,698)</u>	<u>(32,621)</u>
Net assets		<u><u>3,809,220</u></u>	<u><u>3,315,259</u></u>

ALPHA SOLWAY LIMITED
REGISTERED NUMBER: SC177721

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MAY 2018

	Note	2018 £	Restated 2017 £
Capital and reserves			
Called up share capital		800	800
Share premium account	12	544,500	544,500
Capital redemption reserve	12	4,700	4,700
Profit and loss account	12	3,259,220	2,765,259
		<u>3,809,220</u>	<u>3,315,259</u>

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 H Agustsson
Director



Date: 8-10-2018

The notes on pages 3 to 11 form part of these financial statements.

ALPHA SOLWAY LIMITED

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

1. Accounting policies

General information

Alpha Solway Limited is a private company limited by shares, incorporated in Scotland, with company number SC177721, its registered office is Bank of Scotland Buildings, Hangcliff Lane, Lerwick, Shetland, ZE1 0EB. The company manufactures and distributes protective clothing and masks to the commercial and medical sectors.

Statement of Compliance

The individual financial statements of Alpha Solway Limited have been prepared in accordance with Financial Reporting Standard 102 and Companies Act 2006.

1.1 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 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.

1.3 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.

ALPHA SOLWAY LIMITED

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

1. Accounting policies (continued)

1.3 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant and machinery	-	10% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line

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.

1.4 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.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.6 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 reporting 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.

1.7 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.

ALPHA SOLWAY LIMITED

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

1. Accounting policies (continued)

1.8 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.

1.9 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.

1.10 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.

1.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

1.12 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

ALPHA SOLWAY LIMITED

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

1. Accounting policies (continued)

1.13 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.

1.14 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

ALPHA SOLWAY LIMITED

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

1. Accounting policies (continued)

1.17 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 reporting 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 Statement of Financial Position 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 reporting date.

1.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

No significant judgements have had to be made by management in preparing these financial statements.

The directors have also made assumptions in the determination of the impairment of stock. Items included within the provision relates to old or obsolete items which are unlikely to be sold in future periods.

3. Auditors' remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £7,125 (2017 - £6,335).

ALPHA SOLWAY LIMITED

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

4. Employees

The average monthly number of employees, including directors, during the year was 65 (2017 - 64).

5. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 June 2017	420,000	280,798	96,275	267,787	1,064,860
Additions	-	23,545	-	44,789	68,334
At 31 May 2018	420,000	304,343	96,275	312,576	1,133,194
Depreciation					
At 1 June 2017	81,976	246,190	24,858	181,340	534,364
Charge for the year on owned assets	11,053	7,786	24,069	38,855	81,763
At 31 May 2018	93,029	253,976	48,927	220,195	616,127
Net book value					
At 31 May 2018	326,971	50,367	47,348	92,381	517,067
At 31 May 2017	338,024	34,608	71,417	86,446	530,495

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2017	461,906
At 31 May 2018	461,906
Net book value	
At 31 May 2018	461,906
At 31 May 2017	461,906

ALPHA SOLWAY LIMITED

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

7. Stocks

	2018 £	2017 £
Raw materials and consumables	194,947	186,062
Work in progress	45,204	46,515
Finished goods and goods for resale	1,813,984	1,163,923
	<u>2,054,135</u>	<u>1,396,500</u>

8. Debtors

	2018 £	2017 £
Trade debtors	1,716,593	1,269,219
Amounts owed by group undertakings	-	11,933
Other debtors	-	107
Prepayments and accrued income	45,330	16,575
	<u>1,761,923</u>	<u>1,297,834</u>

9. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	396,502	325,071
	<u>396,502</u>	<u>325,071</u>

10. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	130,164	184,927
Amounts owed to group undertakings	28,233	28,233
Corporation tax	106,511	137,959
Other taxation and social security	176,301	78,233
Other creditors	7,555	4,894
Accruals and deferred income	921,851	229,681
	<u>1,370,615</u>	<u>663,927</u>

ALPHA SOLWAY LIMITED

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

11. Deferred taxation

	2018 £	Restated 2017 £
At beginning of year	(32,621)	(33,567)
Charged to the profit or loss	20,923	946
At end of year	(11,698)	(32,621)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(10,776)	(12,066)
Deferred tax on revaluation of property	(922)	(20,555)
	(11,698)	(32,621)

12. Reserves

Share premium account

Premiums received on the issue of shares by the company.

Capital redemption reserve

Reserve of shares previously purchased by the company.

Profit and loss account

Profit and loss account represents retained cumulative profits and losses.

Restatement of Comparatives

The company took advantage of the FRS 102 transition arrangements to use the deemed cost of fixed assets at the date of transition. The comparative reserve figures have been restated to transfer the revaluation reserve into the profit and loss reserves carried forward.

13. Pension commitments

The company operates a defined contribution pension scheme in respect of certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £62,135 (2017: £54,516). Contributions totalling £7,555 (2017: £4,894) were payable to the fund at the balance sheet date and are included within creditors.

ALPHA SOLWAY LIMITED

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

14. Commitments under operating leases

At 31 May 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	33,200	34,116
Later than 1 year and not later than 5 years	23,785	19,391
	<u>56,985</u>	<u>53,507</u>

15. Provision of Guarantees

On 15th September 2017 the company provided a debenture including a fixed and floating charge over all present freehold and leasehold property and assets of the business to their bankers. This was a cross guarantee with their parent company.

16. Controlling party

The ultimate controlling party is Globus (Shetland) Limited, a company registered in Scotland.

17. Auditors' information

The auditors' report on the financial statements for the year ended 31 May 2018 was unqualified.

The audit report was signed on
of Armstrong Watson Audit Limited.

by Joanna Gray (Senior Statutory Auditor) on behalf