Company registration number 07254120 (England and Wales)

VERTEMAX LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

VERTEMAX LTD

COMPANY INFORMATION

Directors	Mr J S G Hardy	
	Mr K J Lundstrom	(Appointed 2 March 2021)
	Mr T H A Schuller	(Appointed 2 March 2021)
	Mr G B Taylor	
Secretary	CWW Secretarial Services Limited	
Company number	07254120	
Registered office	Spinney House Wilcox Close Aylesham Kent CT3 3EP	
Auditor	Ellacotts Audit Services Limited Countrywide House 23 West Bar Banbury Oxfordshire England OX16 9SA	

VERTEMAX LTD

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VERTEMAX LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of specialised construction activities.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J S G Hardy	
Mr K J Lundstrom	(Appointed 2 March 2021)
Mr T H A Schuller	(Appointed 2 March 2021)
Mr G B Taylor	

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr K J Lundstrom
Director

15 September 2022

VERTEMAX LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERTEMAX LTD

Disclaimer of opinion on financial statements

We were engaged to audit the financial statements of Vertemax Ltd (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements. Because of the significance of the matter described in the 'Basis for Disclaimer of Opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

There was insufficient evidence to conclude that the hire stock recorded in tangible fixed assets as at 31 December 2021 was correct, as the systems and procedures in place were deemed inadequate and there was not a hire stock schedule to reconcile to the account balance held in the accounting system as at 31 December 2021. As at the date of our report, management were still in the process of rectifying the hire stock and are now implementing a new accounting system to rectify matters going forward. We were unable to satisfy ourselves by alternative means the hire stock recorded in tangible fixed assets included in the balance sheet as at 31 December 2021, which are stated in the balance sheet at £388,133. Also as a result of hire stock being a significant revenue stream, there are significant uncertainties with regards to the revenue of £1,597,328 from hire stock recorded in the profit and loss statement.

In addition, with respect to the opening balances, the audit evidence available to us was limited because the previous year's financial statements were unaudited and we have not obtained satisfactory evidence that:

- the opening balances do not contain material misstatements that materially affect the current year's financial statements; and
- the appropriate accounting policies were consistently applied.

Any adjustments to these opening balances would have an effect on the company's result for the year ended 31 December 2021.

As a result of these matters, we are unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded hire stock, and the element making up the profit and loss, balance sheet and statement of changes in equity.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion in the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, subject to the pervasive limitation describe above, we have not identified material misstatements in the directors' report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of an audit in accordance with ISAs (UK),we exercise professional judgment and maintain professional scepticism throughout the audit. We also performed the following procedures:

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including thorough testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF VERTEMAX LTD

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Stevens (Senior Statutory Auditor)
For and on behalf of Ellacotts Audit Services Limited

Chartered Accountants
Statutory Auditor
Countrywide House
23 West Bar
Banbury
Oxfordshire
England
OX16 9SA

15 September 2022

VERTEMAX LTD

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	**3**	8,296,297	10,016,875
Cost of sales		(5,322,052)	(6,897,696)
Gross profit		2,974,245	3,119,179
Distribution costs		(2,263)	(4,998)
Administrative expenses		(2,249,529)	(2,016,643)
Other operating income		20,271	277,753
Operating profit	**4**	742,724	1,375,291
Interest receivable and similar income	**7**	-	36
Interest payable and similar expenses	**8**	(46,830)	-
Profit before taxation		695,894	1,375,327
Tax on profit	**9**	(165,000)	(289,922)
Profit for the financial year		530,894	1,085,405

The profit and loss account has been prepared on the basis that all operations are continuing operations.

VERTEMAX LTD

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	11		36,248		13,258
Tangible assets	12		496,456		663,674
			532,704		676,932
Current assets					
Stocks	13	2,859,468		2,434,448	
Debtors	14	1,968,536		2,034,550	
Cash at bank and in hand		803,564		582,480	
		5,631,568		5,051,478	
Creditors: amounts falling due within one year	15	(4,339,880)		(4,423,505)	
Net current assets			1,291,688		627,973
Total assets less current liabilities			1,824,392		1,304,905
Creditors: amounts falling due after more than one year	16		(4,847)		(16,254)
Provisions for liabilities					
Deferred tax liability	19	122,100		122,100	
			(122,100)		(122,100)
Net assets			1,697,445		1,166,551
Capital and reserves					
Called up share capital	21		25,002		25,002
Profit and loss reserves			1,672,443		1,141,549
Total equity			1,697,445		1,166,551

The financial statements were approved by the board of directors and authorised for issue on 15 September 2022 and are signed on its behalf by:

Mr K J Lundstrom
Director

Company Registration No. 07254120

VERTEMAX LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	25,002	56,144	81,146
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	1,085,405	1,085,405
Balance at 31 December 2020	25,002	1,141,549	1,166,551
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	530,894	530,894
Balance at 31 December 2021	25,002	1,672,443	1,697,445

1 Accounting policies

Company information

Vertemax Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Spinney House, Wilcox Close, Aylesham, Kent, CT3 3EP.

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.

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. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Haki AB, the company's ultimate parent. These consolidated financial statements are available from the Haki AB website.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1 Accounting policies **(Continued)**

1.4 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.

1.5 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:

Patents & licences	4 years on cost

1.6 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.

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:

Leasehold improvements	Over leasehold period
Plant and Machinery	25% on reducing balance
Fixtures and fittings	25% on reducing balance
Computer equipment	25% on reducing balance
Motor vehicles	25% on 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.

1.7 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.

1 Accounting policies **(Continued)**

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 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents 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.

1.10 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 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.

1.12 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.

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.

1.13 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.

1.14 Retirement benefits

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

1 Accounting policies **(Continued)**

1.15 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.

1.16 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.

1.17 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 in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock values

Included within the company's current assets at the balance sheet date is stock which is held at the lower of cost and estimated selling price less costs to complete and sell. At the year end the directors have reviewed the stock on hand, contracts in place and expected sales. Any difference between the original stock value and the value now included at the balance sheet date has been allocated to the profit and loss account.

3 Turnover and other revenue

3 Turnover and other revenue **(Continued)**

	2021	2020
	£	£
Other revenue		
Interest income	-	36
Grants received	20,271	43,531

4 Operating profit

	2021	2020
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(94,513)	14,746
Research and development costs	17,098	106,935
Government grants	(20,271)	(43,531)
Fees payable to the company's auditor for the audit of the company's financial statements	17,500	-
Depreciation of owned tangible fixed assets	355,461	317,304
Profit on disposal of tangible fixed assets	(105,821)	(33,484)
Amortisation of intangible assets	743	730
Impairment of stocks recognised	341,602	-
Operating lease charges	259,458	311,058

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
	27	26

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	966,022	699,716
Social security costs	114,883	79,128
Pension costs	15,588	12,942
	1,096,493	791,786

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	165,128	-

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	36

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	36

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	3,059	-
Interest payable to group undertakings	43,771	-
	46,830	-

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	165,000	167,822
Deferred tax		
Origination and reversal of timing differences	-	122,100
Total tax charge	165,000	289,922

9 Taxation **(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	695,894	1,375,327
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	132,220	261,312
Unutilised tax losses carried forward	-	(6,673)
Depreciation on assets not qualifying for tax allowances	4,152	60,427
Under/(over) provided in prior years	-	6,756
Deferred tax adjustments in respect of prior years	-	122,100
Disallowable expenditure	112	551
Loss on sale of fixed assets	-	4,952
Net capital allowances	(315)	809
Under provision for prior period	(22,275)	(6,913)
Research and development	-	(23,982)
Net capital allowances	51,106	(129,410)
Deposit account interest	-	(7)
Taxation charge for the year	165,000	289,922

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021	2020
		£	£
In respect of:			
Stocks	13	341,602	-
Recognised in:			
Cost of sales		341,602	-

11 Intangible fixed assets

	Patents & licences £
Cost	
At 1 January 2021	14,615
Additions	23,733
At 31 December 2021	38,348
Amortisation and impairment	
At 1 January 2021	1,357
Amortisation charged for the year	743
At 31 December 2021	2,100
Carrying amount	
At 31 December 2021	36,248
At 31 December 2020	13,258

12 Tangible fixed assets

	Leasehold improvements £	Plant and Machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2021	-	1,232,780	60,656	43,173	36,497	1,373,106
Additions	22,010	503,757	-	17,176	-	542,943
Disposals	-	(576,438)	-	-	-	(576,438)
At 31 December 2021	22,010	1,160,099	60,656	60,349	36,497	1,339,611
Depreciation and impairment						
At 1 January 2021	-	621,360	39,051	25,189	23,832	709,432
Depreciation charged in the year	367	339,450	5,400	7,077	3,167	355,461
Eliminated in respect of disposals	-	(221,738)	-	-	-	(221,738)
At 31 December 2021	367	739,072	44,451	32,266	26,999	843,155
Carrying amount						
At 31 December 2021	21,643	421,027	16,205	28,083	9,498	496,456
At 31 December 2020	-	611,420	21,605	17,984	12,665	663,674

13 Stocks

	2021	2020
	£	£
Raw materials and consumables	2,859,468	2,434,448

14 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	1,500,432	2,000,790
Amounts owed by group undertakings	303,743	-
Amounts owed by undertakings in which the company has a participating interest	-	1,500
Prepayments and accrued income	164,361	10,704
	1,968,536	2,012,994

	2021	2020
Amounts falling due after more than one year:	£	£
Other debtors	-	21,556
Total debtors	1,968,536	2,034,550

15 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	17	-	939,159
Obligations under finance leases	18	8,814	7,722
Other borrowings	17	1,252,450	-
Trade creditors		1,137,518	2,696,919
Amounts owed to group undertakings		956,556	-
Corporation tax		165,000	161,072
Other taxation and social security		387,609	607,937
Other creditors		372,700	7,196
Accruals and deferred income		59,233	3,500
		4,339,880	4,423,505

There is a cross guarantee in place between this company and Vertemax Group Limited in respect of charges registered at Companies House consisting over fixed and floating charges over assets.

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	18	4,847	16,254

17 Loans and overdrafts

	2021 £	2020 £
Bank overdrafts	-	939,159
Loans from group undertakings	1,252,450	-
	1,252,450	939,159
Payable within one year	1,252,450	939,159

18 Finance lease obligations

	2021	2020
Future minimum lease payments due under finance leases:	£	£
Within one year	8,814	7,722
In two to five years	4,847	16,254
	13,661	23,976

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020
Balances:	£	£
Deferred Tax	122,100	122,100

There were no deferred tax movements in the year.

20 Retirement benefit schemes

	2021	2020
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	15,588	12,942

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary of £1 each	25,000	25,000	25,000	25,000
Ordinary A Non Voting of £1 each	1	1	1	1
Ordinary B Non Voting of £1 each	1	1	1	1
	25,002	25,002	25,002	25,002

22 Operating lease commitments

Lessee

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

	2021	2020
	£	**£**
Within one year	187,358	135,235
Between two and five years	587,250	253,134
In over five years	1,584,000	-
	2,358,608	388,369

23 Related party transactions

During the year the company paid rent of £nil (2020: £168,000) to Vertemax Group Ltd.

During the year the company paid management changes of £nil (2020: £1,100,000) to Vertemax Group Ltd.

During the year the company received management charges of £nil (2020: £108,000) from Vertemax Inc.

24 Ultimate controlling party

The immediate parent company is Vertemax Group Ltd.

The company's ultimate parent company is Haki AB, a company registered in Sweden who's registered office address is HAKI Sweden, Glimåkravägen 4, SE-289 72 Sibbhult, Sweden.

Up to 2 March 2021 the company was under the control of Mr G Taylor and Mr J Hardy.

From 2 March 2021 onwards the company was under the control of the ultimate parent company, Haki AB.