

Company Registration No. 00366924 (England and Wales)

VERUTH HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020



VERUTH HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D Sheridan	
	C Sheridan	
	D Sheridan	
	H Sheridan	
	G Elgood	
	P Kara	
	Dr S Reynolds	
	N Shah	
	H Cooke	(Appointed 1 January 2020)
Secretary	C Sheridan	
Company number	00366924	
Registered office	1st Floor, Suite 2 Salisbury Hall London Colney St Albans Hertfordshire AL2 1BU	
Auditor	Mercer & Hole 72 London Road St Albans Hertfordshire AL1 1NS	

VERUTH HOLDINGS LIMITED

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VERUTH HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present the strategic report for the year ended 31 October 2020.

Fair review of the business

The group's principal activity is the importation and distribution of electrical control gear, switchgear, fuses and electronic components.

Turnover decreased by 6.4% to £11.5m due to the COVID-19 pandemic and the first UK lockdown. Gross profit % decreased to 41.7% (from 42.7% 2019) due to the challenging environment, volume and product mix, increased global supply chain costs and a weaker trading currency.

During the lockdown period, the Company focused on adapting processes in order to continue supporting and servicing those customers that were still trading. This focus on customer service continued to provide market share gains despite the difficult trading environment.

Operating profit (before fair value adjustments) was £425k, down 52% on prior year as a result of the lower turnover.

Environmental Impact & policy

Our impact on the environment is something the company is focused on reducing. In the year the company replaced the roof at the Luton facility which improved insulation and therefore, reduced costs. The Group took the decision to withdraw c.340,000 plastic bags from product packaging which in turn will save c.3.4 tons of polyethylene per year. The Group are also currently in the process of migrating all company vehicles to hybrid vehicles.

The Board have appointed one of the Directors, Hillary Sheridan, to oversee environmental policy in all our investment companies. Veruth Holdings itself has set targets to reduce emissions and is also now going to make monthly donations to the Woodland Trust.

Principal risks and uncertainties

The group has strong controls. These are constantly being monitored and strengthened as the company continues to grow aided by the implementation of new ERP system.

Quality of the products the group offers has always been of the highest priority. We continue to develop our ISO9001:2015 quality management systems and are pleased to add ISO45001:2018 to our accreditations.

The directors believe that policies put into place to ensure that an ever increasing range of quality products, competitively priced and backed with the highest service are continuing to meet the needs of the market.

Financial risk management

The group's operations expose it to limited financial risks that include price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Price risk

The group has a limited exposure to commodity prices particularly for copper, silver and plastics. Strong working relationships with our principal suppliers have aided the group to alleviate part of this risk.

VERUTH HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

Credit risk

The group has policies that require appropriate credit checks on potential customers before sales are made and accounts are constantly monitored to reduce risk of default. The group also uses the services of Atradius credit insurance with all our main customers to further reduce credit risk.

Liquidity risk

The group is primarily funded by a mix of short term bank finance and related party long term loans. The group closely monitors its cash flow on a monthly basis and is confident it has sufficient funds for current operations and planned expansion.

Interest rate cash flow risk

The group pays interest on its external debt at a variable rate which is not hedged. The directors will revisit the appropriateness of this policy should the interest rate environment significantly change.

Foreign exchange risk

The group closely monitors foreign exchange rate movements and uses forward exchange rate contracts when appropriate to reduce its exposure to fluctuations in foreign exchange markets. At year end the group had forward exchange contracts covering £0.5m of component purchases in the first quarter of 2019/20 financial year.

Coronavirus

Post year end COVID-19 remains a dominating factor in the world social and economic climate. The group continues to operate in an environment of uncertainty associated with the situation. The directors are continuously monitoring the situation on a daily basis and are using various tools and actions to mitigate any negative impacts. The directors are confident that they have the resources to deal with the changing circumstances for the foreseeable future.

The position of the group at the year end

Net assets increased to £6.5m. Net cash outflow from operating activities was £746k compared to £1,032k generated in 2019 following the lower trading months in the middle of the year.

Key performance indicators

Management information was improved during the year with a focus on monthly KPI's to drive Sales and operating performance in the business.

The Company was able to improve its gross margins despite a very competitive environment. Margin Analysis across all product Groups is reported monthly and monitored by Management along with Customer Order, Sales and trends activity. Stock is closely monitored to enable fulfilment of Customer requirements to continue profitable growth.

VERUTH HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

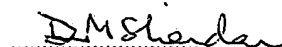
Other information and explanations

The trading position has continued to strengthen post year end. We will continue to increase our range of quality products and focus on providing consistent high customer service. We expect steady growth to continue by increasing market share and through the introduction of new products.

Veruth Holdings since the year end acquired 80% of Oracle Drive Systems Limited, a drives integrator company based in the North East. It reported new record results up to 31 March 2021. This will further strengthen the breadth of services the Group can offer.

Veruth Holdings is a long term equity investor in scale up SMEs and whilst some of our investments have suffered due to the Covid 19 pandemic, most have been resilient. The Board confidently predicts that our results for the coming year will show significant progress over the last two years.

On behalf of the board



D Sheridan

Director

13/07/2021

VERUTH HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their annual report and financial statements for the year ended 31 October 2020.

Principal activities

The principal activity of the group continued to be that of the importation and distribution of electrical control gear, fuses and other electrical components. The company's principal activity is investing in innovative businesses and solutions.

Directors

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

D Sheridan
C Sheridan
D Sheridan
H Sheridan
G Elgood
P Kara
Dr S Reynolds
N Shah
H Cooke

(Appointed 1 January 2020)

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were declared and paid amounting to £71,844. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

During the year and up to the date of this report, the company maintained liability insurance and third-party indemnification provision for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the company.

Auditor

Mercer & Hole were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of the business, principal risks and uncertainties, the position of the company at the year end, analysis based on key performance indicators and future developments.

Statement of disclosure to auditor

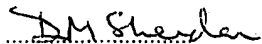
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order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

VERUTH HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

On behalf of the board



D Sheridan
Director

Date: 13/7/2021

VERUTH HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2020

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

VERUTH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERUTH HOLDINGS LIMITED

Opinion

We have audited the financial statements of Veruth Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2020 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

VERUTH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF VERUTH HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 group's and the parent 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 group or the parent 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

VERUTH HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF VERUTH HOLDINGS LIMITED

Use of our report

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.

Andrew Turner

**Andrew Turner (Senior Statutory Auditor)
for and on behalf of Mercer & Hole**

13 July 2021

**Chartered Accountants
Statutory Auditor**

**72 London Road
St Albans
Hertfordshire
AL1 1NS**

VERUTH HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	2019 £
Turnover	3	11,502,054	12,289,114
Cost of sales		(6,695,067)	(7,040,245)
Gross profit		4,806,987	5,248,869
Distribution costs		(1,083,494)	(1,049,573)
Administrative expenses		(3,493,713)	(3,299,941)
Other operating income		185,636	-
Operating profit	4	415,416	899,355
Share of results of associates and joint ventures		36,084	240,749
Interest receivable and similar income	8	59,627	46,901
Interest payable and similar expenses	9	(35,539)	(29,109)
Amounts written off investments	10	(75,000)	(75,000)
Fair value gains and losses on foreign exchange contracts		10,985	(42,489)
Profit before taxation		411,573	1,040,407
Tax on profit	11	(103,980)	(158,381)
Profit for the financial year	29	307,593	882,026
Profit for the financial year is attributable to:			
- Owners of the parent company		168,733	672,263
- Non-controlling interests		138,860	209,763
		307,593	882,026
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		168,733	672,263
- Non-controlling interests		138,860	209,763
		307,593	882,026

VERUTH HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 OCTOBER 2020


	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	13		117,788		143,500
Negative goodwill	13		(5,115)		(5,754)
Net goodwill			112,673		137,746
Tangible assets	14		2,217,283		2,254,390
Investments	16		289,860		378,775
			2,619,816		2,770,911
Current assets					
Stocks	20	1,711,489		1,958,833	
Debtors falling due after more than one year	21	743,978		654,919	
Debtors falling due within one year	21	4,628,870		3,512,231	
Cash at bank and in hand		294,324		502,954	
			7,378,661		6,628,937
Creditors: amounts falling due within one year	22	(3,120,445)		(2,690,747)	
Net current assets			4,258,216		3,938,190
Total assets less current liabilities			6,878,032		6,709,101
Creditors: amounts falling due after more than one year	23		(307,096)		(357,399)
Provisions for liabilities	26		(47,559)		(64,565)
Net assets			6,523,377		6,287,137
Capital and reserves					
Called up share capital	28		35,922		35,922
Share premium account	29		203,759		203,759
Capital redemption reserve	29		11,327		11,327
Other reserves	29		(54)		(454)
Profit and loss reserves	29		5,039,894		5,173,951
Equity attributable to owners of the parent company			5,290,848		5,424,505
Non-controlling interests			1,232,529		862,632
			6,523,377		6,287,137

VERUTH HOLDINGS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 OCTOBER 2020

The financial statements were approved by the board of directors and authorised for issue on 13/07/2021 and are signed on its behalf by:



D Sheridan
Director

VERUTH HOLDINGS LIMITED

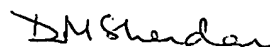
COMPANY BALANCE SHEET

AS AT 31 OCTOBER 2020

		2020	2019
	Notes	£	£
Fixed assets			
Tangible assets	14	887	96
Investment properties	15	2,000,000	2,000,000
Investments	16	489,506	564,506
		<u>2,490,393</u>	<u>2,564,602</u>
Current assets			
Debtors falling due after more than one year	21	743,978	654,919
Debtors falling due within one year	21	973,304	899,411
Cash at bank and in hand		41,468	314,136
		<u>1,758,750</u>	<u>1,868,466</u>
Creditors: amounts falling due within one year	22	<u>(729,812)</u>	<u>(640,273)</u>
Net current assets		<u>1,028,938</u>	<u>1,228,193</u>
Total assets less current liabilities		<u>3,519,331</u>	<u>3,792,795</u>
Creditors: amounts falling due after more than one year	23	<u>(307,096)</u>	<u>(357,399)</u>
Provisions for liabilities	26	<u>(1,287)</u>	<u>(22,969)</u>
Net assets		<u><u>3,210,948</u></u>	<u><u>3,412,427</u></u>
Capital and reserves			
Called up share capital	28	35,922	35,922
Share premium account	29	203,759	203,759
Capital redemption reserve	29	11,327	11,327
Profit and loss reserves	29	2,959,940	3,161,419
Total equity		<u><u>3,210,948</u></u>	<u><u>3,412,427</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £129,635 (2019 - £128,667 profit).

The financial statements were approved by the board of directors and authorised for issue on 13/07/2021 and are signed on its behalf by:



D Sheridan
Director

Company Registration No. 00366924

VERUTH HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 November 2018		35,922	203,759	11,327	(327)	4,573,532	4,824,213	734,119	5,558,332
Year ended 31 October 2019:									
Profit and total comprehensive income for the year		-	-	-	-	672,263	672,263	209,763	882,026
Dividends	12	-	-	-	-	(71,844)	(71,844)	(81,250)	(153,094)
Transfers		-	-	-	(127)	-	(127)	-	(127)
Balance at 31 October 2019		35,922	203,759	11,327	(454)	5,173,951	5,424,505	862,632	6,287,137
Year ended 31 October 2020:									
Profit and total comprehensive income for the year		-	-	-	-	168,733	168,733	138,860	307,593
Dividends	12	-	-	-	-	(71,844)	(71,844)	-	(71,844)
Transfers		-	-	-	400	-	400	-	400
Disposal of shares in subsidiary to non-controlling interest		-	-	-	-	(230,946)	-	231,037	231,037
Balance at 31 October 2020		35,922	203,759	11,327	(54)	5,039,894	5,290,848	1,232,529	6,523,377

VERUTH HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 November 2018		35,922	203,759	11,327	3,104,596	3,355,604
Year ended 31 October 2019:						
Profit and total comprehensive income for the year		-	-	-	128,667	128,667
Dividends	12	-	-	-	(71,844)	(71,844)
Balance at 31 October 2019		35,922	203,759	11,327	3,161,419	3,412,427
Year ended 31 October 2020:						
Loss and total comprehensive income for the year		-	-	-	(129,635)	(129,635)
Dividends	12	-	-	-	(71,844)	(71,844)
Balance at 31 October 2020		35,922	203,759	11,327	2,959,940	3,210,948

VERUTH HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	35		(457,804)		1,322,911
Interest paid			(35,539)		(29,109)
Income taxes paid			(160,003)		(262,149)
Net cash (outflow)/inflow from operating activities			(653,346)		1,031,653
Investing activities					
Purchase of tangible fixed assets		(122,155)		(292,375)	
Purchase of associates		-		(125,000)	
Loans made		(600,000)		(697,013)	
Receipts arising from loans made		435,184		350,060	
Interest received		59,627		46,901	
Dividends received		50,000		62,500	
Net cash used in investing activities			(177,344)		(654,927)
Financing activities					
Proceeds from borrowings		55,896		637,173	
Repayment of borrowings		-		(1,028,260)	
Repayment of bank loans		(50,303)		(57,654)	
Payment of finance leases obligations		(6,906)		(12,293)	
Disposal of shares in subsidiary to non-controlling interest		91		-	
Dividends paid to equity shareholders		(71,844)		(71,844)	
Dividends paid to non-controlling interests		-		(81,250)	
Net cash used in financing activities			(73,066)		(614,128)
Net decrease in cash and cash equivalents			(903,756)		(237,402)
Cash and cash equivalents at beginning of year			502,954		740,397
Effect of foreign exchange rates			399		(41)
Cash and cash equivalents at end of year			(400,403)		502,954
Relating to:					
Cash at bank and in hand			294,324		502,954
Bank overdrafts included in creditors payable within one year			(694,727)		-

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

Company information

Veruth Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 1st Floor, Suite 2, Salisbury Hall, London Colney, St Albans, Hertfordshire, AL2 1BU.

The group consists of Veruth Holdings Limited and all of its subsidiaries.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The 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 for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Veruth Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 October 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.3 Going concern

The impact of the COVID-19 pandemic on the ability of the Company and Group to continue as a going concern has been assessed by the Directors. The Group sells electrical component products via several routes to market including on line, mail order and click and collect sales, and whilst sales have been lower due to the pandemic the Group has not experienced any material consequences as a result of COVID-19 that would impact its ability to continue as a going concern.

The Group generated a profit before taxation of £411,573 for the year ended 31 October 2020 and has net assets of £6.5 million as at the year end date. During the year, the Group was able to continue to trade despite lockdown restrictions and the Directors took all reasonable steps to mitigate the potential effects of the pandemic on the business, including placing relevant employees on furlough, managing its cost base, maintaining optimal stock levels, and arranging additional finance. The additional finance included a CBILS overdraft providing short term finance up to an amount of £750,000.

The Group has produced forecasts which take into account sensible downside scenarios for the 12 month period from the date of signing these financial statements. These forecasts demonstrate that the Company and Group have sufficient resources to continue to trade. The Group is actively managing the supply chain and believes that it has sufficient access to inventory to ensure that sales in the forecasts are achievable and continues to trade profitably despite the global supply challenges and potential further government lockdown restrictions.

Based on the above the Directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of preparation of accounting in preparing the financial statements.

1.4 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.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. Where the costs of acquisition is less than the fair value of the net assets acquired negative goodwill is recognised. Goodwill and negative goodwill are initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

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 land and buildings	2% Straight Line
Plant and equipment	25% Straight Line
Fixtures and fittings	25% Straight Line
Computers	33.33% Straight Line

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 recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

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.

1.10 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 replacement cost and cost, adjusted where applicable for any loss of service potential.

Cost is based on the cost of purchase on a weighted average basis.

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.

1.11 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.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.12 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

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 group 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 group after deducting all of its liabilities.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

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.

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 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 group'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 if, and only if, there is 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.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

1 Accounting policies

(Continued)

1.15 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.

1.16 Retirement benefits

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

1.17 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 leased asset are consumed.

1.18 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.

1.19 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.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Trade debtor recoverability

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Stock provision

The group makes an estimate of recoverable value of stock. When assessing impairment of stock, management considers factors including the sales activity of each line over the past three years and historical experience.

Investments in minority shareholdings

The group holds a number of minority stakes in business. There is judgement involved in assessing whether the group has significant influence over the activities of these business which reflects whether the investment in these business should be treated as investments, associates or subsidiaries.

3 Turnover and other revenue

	2020 £	2019 £
Turnover analysed by class of business		
Import/export of electrical components - sale of goods	11,502,054	12,289,114
	<u> </u>	<u> </u>
	2020 £	2019 £
Other significant revenue		
Interest income	59,627	46,901
Grants received	185,636	-
	<u> </u>	<u> </u>

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

3 Turnover and other revenue	(Continued)	
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	11,282,371	12,205,543
Rest of Europe	62,843	44,181
Rest of World	156,840	39,390
	<u>11,502,054</u>	<u>12,289,114</u>
4 Operating profit		
	2020	2019
	£	£
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	27,110	(8,531)
Government grants	(185,636)	-
Depreciation of owned tangible fixed assets	159,262	169,764
Depreciation of tangible fixed assets held under finance leases	-	8,633
Amortisation of intangible assets	25,073	25,073
Operating lease charges	80,919	22,649
	<u>29,748</u>	<u>22,585</u>
5 Auditor's remuneration		
	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	11,440	11,000
Audit of the financial statements of the company's subsidiaries	17,680	17,000
	<u>29,120</u>	<u>28,000</u>
For other services		
Taxation compliance services	5,200	6,000
All other non-audit services	5,850	2,400
	<u>11,050</u>	<u>8,400</u>

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration and distribution	62	57	1	1
Management	16	12	7	6
Total	78	69	8	7

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	2,604,085	2,456,044	164,596	160,500
Social security costs	216,196	242,431	12,576	14,331
Pension costs	127,080	96,264	8,382	8,842
Total	2,947,361	2,794,739	185,554	183,673

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	129,773	172,328
Company pension contributions to defined contribution schemes	6,900	10,462
Total	136,673	182,790

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	1,529	3,254
Other interest income	58,098	43,647
Total income	59,627	46,901

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

9 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	25,927	17,938
Dividends on redeemable preference shares not classified as equity	(2)	-
Other interest on financial liabilities	7,758	10,653
Other interest	1,856	518
	<u>35,539</u>	<u>29,109</u>

10 Amounts written off investments

	2020	2019
	£	£
Provisions against investments	(75,000)	(75,000)
	<u>(75,000)</u>	<u>(75,000)</u>

11 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	120,986	148,435
Adjustments in respect of prior periods	-	(193)
	<u>120,986</u>	<u>148,242</u>
Deferred tax		
Origination and reversal of timing differences	(17,006)	10,139
	<u>(17,006)</u>	<u>10,139</u>
Total tax charge	<u>103,980</u>	<u>158,381</u>

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

11 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:

	2020 £	2019 £
Profit before taxation	411,573	1,040,407
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	78,199	197,677
Tax effect of expenses that are not deductible in determining taxable profit	13,437	31,286
Tax effect of income not taxable in determining taxable profit	-	(21,101)
Change in unrecognised deferred tax assets	(584)	5,727
Adjustments in respect of prior years	-	(192)
Depreciation on assets not qualifying for tax allowances	-	377
Effect of revaluations of investments	6,856	(44,208)
Effect of overseas tax rates	-	(5,719)
Deferred tax adjustments in respect of prior years	845	(5,685)
Adjust opening rate of deferred tax	5,227	219
Taxation charge	103,980	158,381

12 Dividends

	2020 £	2019 £
Interim paid	71,844	71,844

13 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 November 2019 and 31 October 2020	346,346	(6,393)	339,953
Amortisation and impairment			
At 1 November 2019	202,846	(639)	202,207
Amortisation charged for the year	25,712	(639)	25,073
At 31 October 2020	228,558	(1,278)	227,280

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

13 Intangible fixed assets

(Continued)

Carrying amount

At 31 October 2020	117,788	(5,115)	112,673
At 31 October 2019	143,500	(5,754)	137,746

The company had no intangible fixed assets at 31 October 2020 or 31 October 2019.

14 Tangible fixed assets

Group	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost or valuation					
At 1 November 2019	2,000,000	400,151	704,406	2,495	3,107,052
Additions	11,983	10,764	98,264	1,144	122,155
At 31 October 2020	2,011,983	410,915	802,670	3,639	3,229,207
Depreciation and impairment					
At 1 November 2019	40,000	355,142	456,402	1,118	852,662
Depreciation charged in the year	40,240	19,114	99,105	803	159,262
At 31 October 2020	80,240	374,256	555,507	1,921	1,011,924
Carrying amount					
At 31 October 2020	1,931,743	36,659	247,163	1,718	2,217,283
At 31 October 2019	1,960,000	45,009	248,004	1,377	2,254,390

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

14 Tangible fixed assets

(Continued)

Company	Computers £
Cost or valuation	
At 1 November 2019	1,144
Additions	1,144
At 31 October 2020	2,288
Depreciation and impairment	
At 1 November 2019	1,048
Depreciation charged in the year	353
At 31 October 2020	1,401
Carrying amount	
At 31 October 2020	887
At 31 October 2019	96

The carrying value of land and buildings comprises:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Long leasehold	1,931,743	1,960,000	-	-

Land and buildings with a carrying amount of £1,960,000 were revalued at 31 October 2018 by Strutt and Parker Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

In accordance with FRS102, the property is held as investment property in the company's individual financial statements and as property, plant and equipment in the group financial statements as the property is let to another company within the group.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Cost	2,077,054	2,065,071	-	-
Accumulated depreciation	(562,321)	(520,780)	-	-
Carrying value	1,514,733	1,544,291	-	-

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

14 Tangible fixed assets

(Continued)

15 Investment property

	Group 2020 £	Company 2020 £
Fair value		
At 1 November 2019 and 31 October 2020	-	2,000,000
Additions through external acquisition	-	11,983
Net gains or losses through fair value adjustments	-	(11,983)
	<hr/>	<hr/>
At 31 October 2020	-	2,000,000
	<hr/>	<hr/>

Investment property comprises Europa House which is being held at fair value of £2,000,000. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 October 2018 by Strutt and Parker Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The directors believe that this is still an accurate fair value for the property at the year end.

In accordance with FRS102, the property is held as investment property in the company's individual financial statements and as property, plant and equipment in the group financial statements as the property is let to another company within the group.

16 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	17	-	-	363,980	363,980
Investments in associates	18	289,860	378,775	125,526	200,526
		<hr/>	<hr/>	<hr/>	<hr/>
		289,860	378,775	489,506	564,506
		<hr/>	<hr/>	<hr/>	<hr/>

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

16 Fixed asset investments	(Continued)
Movements in fixed asset investments Group	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 November 2019	453,775
Share of profits/(losses) of associates	(13,915)
At 31 October 2020	439,860
Impairment	
At 1 November 2019	75,000
Impairment losses	75,000
At 31 October 2020	150,000
Carrying amount	
At 31 October 2020	289,860
At 31 October 2019	378,775
Movements in fixed asset investments Company	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 November 2019 and 31 October 2020	639,506
Impairment	
At 1 November 2019	75,000
Impairment losses	75,000
At 31 October 2020	150,000
Carrying amount	
At 31 October 2020	489,506
At 31 October 2019	564,506

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

17 Subsidiaries

Details of the company's subsidiaries at 31 October 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Europa Components & Equipment Plc	1	Import/export of electrical components	Ordinary	72.68	-
DTR International Limited	2	Importation and distribution of electronic supplies	Ordinary	60.00	-
HK Xin Te Electric	3	Distribution of electronic supplies	Ordinary	-	60.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Europa House, Airport Way, Luton, Bedfordshire, LU2 9NH
- 2 1st Floor, Suite 2, Sailisbury Hall, London Colney, St Albans, Hertfordshire, AL2 1BU
- 3 Hong Kong

The company being the ultimate parent company of DTR International Limited (Company number: 02725740) has decided to take the exemption from audit of DTR International Limited for the year ended 31 October 2020 under sections 479A and 479C of the Companies Act 2006 and the company will provide guarantee for all the liabilities of DTR International Limited as at 31 October 2020.

18 Associates

Details of associates at 31 October 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Gypsy's Gourmet Table Ltd	1st Floor, Suite 2, Sailisbury Hall, London Colney, St Albans, AL2 1BU	Supply of gourmet cooking salts	Ordinary	26	-
SIBA (UK) Ltd	19 Duke Street, Loughborough, Leicestershire, LE11 1ED	Supply of fuses and associated products	Ordinary	25	-
Zellie Limited	19 East Park Parade, Northampton, Northamptonshire, NN1 4LE	Manufacturer of luggage, baggage, saddlery and harnesses	Ordinary	26	-
British School of Aviation Ltd	Building 136 Prospect Way, London Luton Airport, LU2 9QH	Pilot training	Ordinary	19	-
Not Before Tea Ltd	19 East Park Parade, Northampton, Northamptonshire, NN1 4LE	Sale of games and toys	Ordinary	-	26

19 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	-	10,985	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial instruments measured at fair value through the profit and loss comprise forward foreign exchange contracts.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

20 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	1,711,489	1,958,833	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

21 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	2,612,386	2,776,241	14,608	3,308
Other debtors	1,339,944	348,476	957,362	891,445
Prepayments and accrued income	676,540	387,514	1,334	4,658
	<u>4,628,870</u>	<u>3,512,231</u>	<u>973,304</u>	<u>899,411</u>
Amounts falling due after more than one year:				
Other debtors	<u>743,978</u>	<u>654,919</u>	<u>743,978</u>	<u>654,919</u>
Total debtors	<u>5,372,848</u>	<u>4,167,150</u>	<u>1,717,282</u>	<u>1,554,330</u>

22 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	24	749,603	54,876	54,876	54,876
Obligations under finance leases	25	-	6,906	-	-
Other borrowings	24	484,814	428,918	484,814	428,918
Trade creditors		906,618	658,047	23,101	9,930
Amounts owed to group undertakings		-	-	500	500
Corporation tax payable		24,564	63,581	-	-
Other taxation and social security		445,179	537,785	19,060	16,535
Derivative financial instruments		-	10,985	-	-
Other creditors		35,743	450,503	102,980	102,980
Accruals and deferred income		473,924	479,146	44,481	26,534
		<u>3,120,445</u>	<u>2,690,747</u>	<u>729,812</u>	<u>640,273</u>

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

22 Creditors: amounts falling due within one year

(Continued)

The bank loans of the group are secured by a legal charge over the property of the group.

The overdraft of each individual company is secured by way of a fixed and floating charge over the assets of the group. There is currently a bond, guarantees and indemnity facility of £40,000 in place.

An additional bank facility is secured by a fixed and floating charge over the assets of the group.

Included in other creditors is an amount of £nil (2019: £417,730) relating to an invoice discounting facility which is secured by way of a fixed and floating charge over the assets of the group.

23 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	24	307,096	357,399	307,096	357,399

Bank loans totalling £307,096 (2019: £357,399) were repayable on a monthly basis at an interest rate of 4%.

Amounts included above which fall due after five years are as follows:

Payable by instalments	82,319	137,195	82,319	137,195
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24 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	361,972	412,275	361,972	412,275
Bank overdrafts	694,727	-	-	-
Other loans	484,814	428,918	484,814	428,918
	1,541,513	841,193	846,786	841,193
Payable within one year	1,234,417	483,794	539,690	483,794
Payable after one year	307,096	357,399	307,096	357,399

The long-term loans are secured by fixed charges over over the Europa House property.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

25 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	-	7,680	-	-
Less: future finance charges	-	(774)	-	-
	<u>-</u>	<u>6,906</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group 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 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

26 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	138,017	133,695
Tax losses	(84,453)	(62,519)
Short term timing differences	(6,005)	(6,611)
	<u>47,559</u>	<u>64,565</u>
	Liabilities 2020 £	Liabilities 2019 £
Company		
Accelerated capital allowances	85,740	85,488
Tax losses	(84,453)	(62,519)
	<u>1,287</u>	<u>22,969</u>

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

26	Deferred taxation		(Continued)
		Group	Company
		2020	2020
		£	£
	Movements in the year:		
	Liability at 1 November 2019	64,565	22,969
	Credit to profit or loss	(17,006)	(21,682)
	Liability at 31 October 2020	<u>47,559</u>	<u>1,287</u>

£3,990 (2019: £12,502) of the above deferred tax liability is expected to reverse within 12 months.

27	Retirement benefit schemes	2020	2019
		£	£
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	<u>127,080</u>	<u>96,264</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

28	Share capital	Group and company	
		2020	2019
		£	£
	Ordinary share capital		
	Issued and fully paid		
	35,922 Ordinary shares of £1 each	35,922	35,922

Ordinary shares have full voting, dividend and capital distribution rights.

29 Reserves

Share premium

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Capital redemption reserve

Includes shares bought back by the company.

Foreign exchange reserve

Comprises translation differences arising from the translation of financial statements of the groups foreign entities into sterling (£).

Profit and loss reserves

Includes all current and prior periods retained profits and losses.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

30 Financial commitments, guarantees and contingent liabilities

There is an inter-company guarantee between Veruth Holdings Limited and Europa Components & Equipment Plc to guarantee the borrowings of the group. The total borrowings as at 31 October 2020 were £361,972 (2019: £412,275).

31 Operating lease commitments

Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	279,390	70,128	7,795	8,584
Between two and five years	861,119	291,472	8,552	14,254
In over five years	248,889	312,434	-	-
	<u>1,389,398</u>	<u>674,034</u>	<u>16,347</u>	<u>22,838</u>

Lessor

The operating leases represent leases over Europa House to Europa Components & Equipment PLC. The leases are negotiated over terms of 5 years and rentals are fixed for this period. There are no options in place for either party to extend the lease terms.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	-	-	172,000	36,114
Between two and five years	-	-	559,000	-
	<u>-</u>	<u>-</u>	<u>731,000</u>	<u>36,114</u>

32 Capital commitments

At the year end the group and the company had committed a further £75,000 (2019: £75,000) on investments in its associates to be drawn at the option of the associate.

33 Events after the reporting date

Veruth Holdings since the year end acquired 80% of Oracle Drive Systems Limited, a drives integrator company based in the North East. It reported new record results up to 31 March 2021. This will further strengthen the breadth of services the Group can offer. To facilitate this purchase, the company obtained a bank loan.

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

34 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	146,625	145,684

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Rental income	
	2020 £	2019 £
Company		
Entities over which the company has control, joint control or significant influence	145,208	144,454

	Interest paid		Interest recieved	
	2020 £	2019 £	2020 £	2019 £
Group				
Entities over which the entity has control, joint control or significant influence	-	-	18,305	2,261
Key management personnel	6,211	4,816	-	-
Other related parties	750	869	-	-
Company				
Entities over which the entity has control, joint control or significant influence	-	-	26,211	14,191
Key management personnel	6,211	4,816	-	-
Other related parties	750	869	-	-

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due to related parties		
Group		
Key management personnel	457,436	361,238
Other related parties	27,378	67,680

VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

34 Related party transactions

(Continued)

Company

Key management personnel
Other related parties

457,436	361,238
27,378	67,680

The following amounts were outstanding at the reporting end date:

Amounts due from related parties

2020	2019
Balance	Balance
£	£

Group

Entities over which the group has control, joint control or significant influence

551,770	449,999
---------	---------

Company

Entities over which the company has control, joint control or significant influence

957,362	994,490
---------	---------

35 Cash (absorbed by)/generated from group operations

2020	2019
£	£

Profit for the year after tax

307,593	882,026
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Adjustments for:

Share of results of associates and joint ventures

(36,084)	(240,749)
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Taxation charged

103,980	158,381
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Finance costs

35,539	29,109
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Investment income

(59,627)	(46,901)
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Fair value (gain)/loss on foreign exchange contracts

(10,985)	42,489
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Amortisation and impairment of intangible assets

25,073	25,073
--------	--------

Depreciation and impairment of tangible fixed assets

159,262	178,397
---------	---------

Amounts written off investments

75,000	75,000
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Movements in working capital:

Decrease/(increase) in stocks

247,344	(307,705)
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(Increase)/decrease in debtors

(1,040,882)	54,728
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(Decrease)/increase in creditors

(264,017)	473,063
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Cash (absorbed by)/generated from operations

(457,804)	1,322,911
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VERUTH HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2020

36 Analysis of changes in net debt - group

	1 November 2019	Cash flows	Exchange rate movements	31 October 2020
	£	£	£	£
Cash at bank and in hand	502,954	(209,029)	399	294,324
Bank overdrafts	-	(694,727)	-	(694,727)
	<u>502,954</u>	<u>(903,756)</u>	<u>399</u>	<u>(400,403)</u>
Borrowings excluding overdrafts	(841,193)	(5,593)	-	(846,786)
Obligations under finance leases	(6,906)	6,906	-	-
	<u>(345,145)</u>	<u>(902,443)</u>	<u>399</u>	<u>(1,247,189)</u>