

# **Videcon Limited**

Registered number: 03085668

## **Annual report and financial statements**

**For the year ended 31 August 2022**

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**VIDECON LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A Croston M Rushall
<b>Company secretary</b>	C Seddon
<b>Registered number</b>	03085668
<b>Registered office</b>	Unit 1, Concept Business Park Smithies Lane Heckmondwike West Yorkshire WF16 0PN
<b>Independent auditor</b>	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Introduction**

The directors present their Strategic Report for the year ended 31 August 2022.

**Business review**

The results for the year ended 31 August 2022 are set out in the attached financial statements. The Company continued its principal activities in the security, fire protection and access controls sectors.

Turnover rose by over 9% as management continued to drive the Company forward. The gross margin was positively impacted by the change in product mix. The cost base increased as a percentage of revenue and a solid operating profit was reported.

Strict credit control procedures have ensured that bad debts are minimised. We will continue to keep tight control on all operational and other costs.

Trading conditions in our industry continue to be competitive. Videcon will continue to provide first class products and services to our customers at competitive prices. This approach ensures that Videcon is well placed to benefit from any increase in demand.

We will continue to monitor the performance of the Company against KPIs and forecasts on a regular basis and make changes where necessary.

**Future developments**

The directors aim to continue with the management policies that have resulted in growth in sales and profitability over the last few years.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Principal risks and uncertainties**

**Brexit**

The Company imports a significant proportion of its products and has taken measures to manage the risks around Brexit. The Company has considerable experience in importing product and the necessary in-house skills to proactively deal with supply chain disruptions.

**Operational risk**

The Company has solid reporting systems and procedures and produces timely and accurate management information which is regularly reviewed by the management team.

**Price risk**

The company is exposed to downward pressure on margin resulting from current economic and market conditions. The risk is mitigated by improving efficiencies and managing foreign exchange risk.

**Credit risk**

The credit risk is principally attributable to trade debtors. The risk is mitigated by maintaining a strict credit policy and effective credit rating of current and prospective customers.

The Company has no concentration of credit risk with exposure spread over a large number of customers.

Trade creditors are managed by ensuring sufficient funds are available to meet the amounts due.

**Liquidity risk**

The Company ensures that it has sufficient banking facilities and funding to meet its commitments. It operates a detailed cash flow forecast, has developed a strong relationship with its bank and manages its working capital closely.

**Financial key performance indicators**

The directors consider the financial KPI's of the business to be:

- Turnover;
- Gross margin;
- Operational costs;
- Debtor levels;
- Stock levels.

These are monitored on a monthly basis and corrective action taken as necessary.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Other key performance indicators**

In addition non-financial KPI's are:

- High standard of customer service;
- Employment of a strong management team;
- Health & safety compliance; and
- Good environmental compliance.

This report was approved by the board on 17 August 2023 and signed on its behalf.

**A Croston**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2022**

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The directors present their report and the financial statements for the year ended 31 August 2022.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

**Results and dividends**

The profit for the year, after taxation, amounted to £918,607 (2021 - £942,897).

Dividends declared in the year totalled £278,494 (2021: £310,184).

**Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This is based on preparation of a monthly forecasts for a period of at least 12 months from the approval of these financial statements.

Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

**Directors**

The directors who served during the year were:

A Croston  
M Rushall  
D Miller (resigned 14 March 2022)

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**Future developments**

The directors aim to continue with the management policies that have resulted in growth in sales and profitability over the last few years.

**Economic impact of global events**

UK businesses are currently facing many uncertainties such as the consequences of Brexit, COVID-19, environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non-adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessment.

Videcon Limited continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 August 2023 and signed on its behalf.

**A Croston**  
Director



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDECON LIMITED**

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**Opinion**

We have audited the financial statements of Videcon Limited (the 'Company') for the year ended 31 August 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 Company's affairs as at 31 August 2022 and of its 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDECON LIMITED**

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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**

In our opinion, based on the work undertaken in the course of the 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 light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDECON LIMITED**

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**Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 intend either 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. 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDECON LIMITED**

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In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to warranty and credit note provision, bad debt provision, stock provision, revenue recognition (which we pinpointed to the cut off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

**Use of the audit 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.

Christopher Hudson (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place  
Leeds  
LS1 4AP

18 August 2023

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2022**

	<b>Note</b>	<b>2022 £</b>	<b>2021 £</b>
Turnover	<b>4</b>	24,655,608	22,678,437
Cost of sales		(18,310,835)	(17,150,752)
<b>Gross profit</b>		<u>6,344,773</u>	<u>5,527,685</u>
Distribution costs		(426,300)	(397,776)
Administrative expenses		(4,775,650)	(4,133,801)
Other operating income	<b>5</b>	-	125,318
<b>Operating profit</b>	<b>6</b>	<u>1,142,823</u>	<u>1,121,426</u>
Interest payable and similar expenses	<b>9</b>	(208,552)	(74,215)
<b>Profit before tax</b>		<u>934,271</u>	<u>1,047,211</u>
Tax on profit	<b>10</b>	(15,664)	(104,314)
<b>Profit for the financial year</b>		<u><u>918,607</u></u>	<u><u>942,897</u></u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	12	196,434	178,442
		<u>196,434</u>	<u>178,442</u>
<b>Current assets</b>			
Stocks	13	4,727,286	4,241,384
Debtors: amounts falling due within one year	14	17,132,912	16,470,891
Cash at bank and in hand	15	1,003,317	527,283
		<u>22,863,515</u>	<u>21,239,558</u>
Creditors: amounts falling due within one year	16	(14,906,499)	(13,813,257)
<b>Net current assets</b>		<u>7,957,016</u>	<u>7,426,301</u>
<b>Total assets less current liabilities</b>		<u>8,153,450</u>	<u>7,604,743</u>
Creditors: amounts falling due after more than one year	17	(342,500)	(448,539)
<b>Provisions for liabilities</b>			
Deferred tax	19	(29,341)	(14,708)
		<u>(29,341)</u>	<u>(14,708)</u>
<b>Net assets</b>		<u><u>7,781,609</u></u>	<u><u>7,141,496</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	50,005	50,005
Share premium account	21	30,018	30,018
Capital redemption reserve	21	9,988	9,988
Profit and loss account	21	7,691,598	7,051,485
		<u><u>7,781,609</u></u>	<u><u>7,141,496</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 August 2023.

**A Croston**  
 Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>At 1 September 2020</b>	50,005	30,018	9,988	6,418,772	6,508,783
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	942,897	942,897
<b>Total comprehensive income for the year</b>	-	-	-	942,897	942,897
<b>Contributions by and distributions to owners</b>					
Dividends: Equity capital	-	-	-	(310,184)	(310,184)
<b>Total transactions with owners</b>	-	-	-	(310,184)	(310,184)
<b>At 1 September 2021</b>	50,005	30,018	9,988	7,051,485	7,141,496
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	918,607	918,607
<b>Total comprehensive income for the year</b>	-	-	-	918,607	918,607
<b>Contributions by and distributions to owners</b>					
Dividends: Equity capital	-	-	-	(278,494)	(278,494)
<b>Total transactions with owners</b>	-	-	-	(278,494)	(278,494)
<b>At 31 August 2022</b>	<u>50,005</u>	<u>30,018</u>	<u>9,988</u>	<u>7,691,598</u>	<u>7,781,609</u>

The notes on pages 13 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. General information**

Videcon Limited ("the Company") is a company limited by share capital, incorporated in the United Kingdom, and registered in England and Wales. The address of its registered office and principal place of business is Unit 1, Concept Business Park, Smithies Lane, Heckmondwike, West Yorkshire, WF16 0PN.

The Company is a wholly-owned subsidiary of Videcon Holdings Limited. Videcon Holdings Limited prepares financial statements which consolidate the results of the Company. Copies of the Group's financial statements may be obtained from Videcon Holdings Limited, at their registered office and principal place of business which is Unit 1, Concept Business Park, Smithies Lane, Heckmondwike, West Yorkshire, WF16 0PN.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

These financial statements have been presented in pound sterling which is the functional currency of the Company, and rounded to the nearest £.

The following principal accounting policies have been applied:

**2.2 Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Videcon Holdings Limited as at 31 August 2022 and these financial statements may be obtained from the Companies House website.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The financial statements have been prepared on a going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This is based on preparation of a monthly profit and loss, balance sheet and cash flow forecasts for a period of at least 12 months from the approval of these financial statements.

Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.5 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over life of lease
Plant and machinery	- 25% to 33.3% straight line
Motor vehicles	- 20% straight line
Fixtures, fittings & equipment	- 20% to 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

**2.7 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.9 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

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 Statement of Comprehensive Income in fair value movements. The company does not currently apply hedge accounting for foreign exchange derivatives.

**2.10 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.11 Government grants**

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

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

**2.12 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.14 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.15 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.16 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Accounting policies (continued)**

**2.17 Provisions for liabilities**

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

**2.18 Current and deferred taxation**

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

**Critical judgements in applying the accounting policies**

The directors are of the opinion there are no critical judgements made in the process of applying the Company's accounting policies with the exception of those intrinsically linked to the key sources of estimation uncertainty discussed below.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(i) Recoverability of receivables**

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

**(ii) Warranty provision**

Provision is made for predicted future warranty costs. The estimate is based on the historical return rate of products sold during the year adjusted for any exceptional returns, anomalies, and the ageing profile on which the products were initially sold.

**(iii) Stock provision**

Provision is made for stock which is slow moving or not usable. The estimate is based on approximations of the length of time it would take to sell the year end stock holding by reference to sale volumes in the financial year. Provision is also made for returned stock items which have not yet been fully inspected and reprocessed.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**4. Turnover**

Analysis of turnover by country of destination:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
United Kingdom	24,554,680	22,556,400
Rest of Europe	100,928	122,037
	<u>24,655,608</u>	<u>22,678,437</u>

**5. Other operating income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Government grants receivable	<u>-</u>	<u>125,318</u>

**6. Operating profit**

The operating profit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	71,854	86,776
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	22,500	22,500
Foreign exchange losses	132,558	4,573
Other operating lease rentals	468,109	423,013
Defined contribution pension cost	<u>160,628</u>	<u>137,422</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,525,638	2,204,952
Social security costs	277,036	238,730
Cost of defined contribution scheme	160,628	137,422
	<u>2,963,302</u>	<u>2,581,104</u>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Directors	2	2
Other staff	69	61
	<u>71</u>	<u>63</u>

**8. Directors' remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	81,450	72,913
Company contributions to defined contribution pension schemes	8,799	10,975
	<u>90,249</u>	<u>83,888</u>

During the year retirement benefits were accruing to 3 directors (2021: 3) in respect of a defined contribution pension scheme.

**9. Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank interest payable	208,552	75,805
Other loan interest payable	-	(1,590)
	<u>208,552</u>	<u>74,215</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

10. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	35,925	90,942
Adjustments in respect of previous periods	(34,894)	5,987
<b>Total current tax</b>	<u>1,031</u>	<u>96,929</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	11,589	4,734
Changes to tax rates	-	2,642
Adjustments in respect of prior periods	3,044	9
<b>Total deferred tax</b>	<u>14,633</u>	<u>7,385</u>
<b>Taxation on profit on ordinary activities</b>	<u>15,664</u>	<u>104,314</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Profit on ordinary activities before tax	<u>934,271</u>	<u>1,047,211</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	177,511	198,970
<b>Effects of:</b>		
Expenses not deductible for tax purposes	10,540	8,198
Fixed asset differences	(39)	5,111
Adjustments to tax charge in respect of prior periods	(34,894)	5,996
Adjustments to tax charge in respect of previous periods - deferred tax	3,044	-
Research and development tax credit	(129,466)	(121,464)
Other differences leading to an increase (decrease) in the tax charge	-	3,716
Group relief	(13,815)	-
Remeasurement of deferred tax for changes	<u>2,783</u>	<u>3,787</u>
<b>Total tax charge for the year</b>	<u><u>15,664</u></u>	<u><u>104,314</u></u>

**Factors that may affect future tax charges**

The UK Government announced in the 2021 budget that from 1 April 2023, the main rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

**11. Dividends**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Dividends paid on equity shares	<u>278,494</u>	<u>310,184</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022

12. Tangible fixed assets

	Leasehold improvements £	Plant & machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>					
At 1 September 2021	480,971	46,433	-	248,036	775,440
Additions	-	-	7,469	72,976	80,445
Transfers intra group	-	2,418	-	6,983	9,401
At 31 August 2022	480,971	48,851	7,469	327,995	865,286
<b>Depreciation</b>					
At 1 September 2021	434,516	46,433	-	116,049	596,998
Charge for the year	34,894	-	1,369	29,365	65,628
Transfers intra group	-	1,789	-	4,437	6,226
At 31 August 2022	469,410	48,222	1,369	149,851	668,852
<b>Net book value</b>					
At 31 August 2022	11,561	629	6,100	178,144	196,434
At 31 August 2021	46,455	-	-	131,987	178,442

13. Stocks

	2022 £	2021 £
Stock in transit	719,631	646,873
Finished goods and goods for resale	4,007,655	3,594,511
	4,727,286	4,241,384

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**14. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	6,333,280	6,211,544
Amounts owed by group undertakings	8,541,406	8,944,465
Other debtors	1,472,133	861,110
Prepayments and accrued income	321,433	177,460
Tax recoverable	412,942	276,312
Financial instruments	51,718	-
	<u>17,132,912</u>	<u>16,470,891</u>

Amounts owed by group undertakings are interest free and repayable on demand.

**15. Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<u>1,003,317</u>	<u>527,283</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**16. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank loans and invoice discounting	5,578,421	5,699,807
Trade creditors	5,372,308	4,722,506
Amounts owed to group undertakings	1,007,806	1,137,895
Corporation tax	381,985	335,784
Other taxation and social security	620,540	442,481
Other creditors	183,463	185,866
Accruals and deferred income	1,761,976	1,288,918
	<u>14,906,499</u>	<u>13,813,257</u>

Included within 'bank loan and the invoice discounting' is an invoice discounting facility of £4,304,443 (2021: £4,239,359), which is secured against the Company's trade debtors. The remaining balance relates to a trade loan facility which is secured by a fixed and floating charge over certain assets of the Company.

The bank loan and invoicing discounting are further secured by an unlimited multilateral guarantee by the Company and its fellow group companies.

Accruals include a provision for warranty and credit notes totalling £442,000 (2021: £816,401) which are to cover against future costs of servicing and repairs arising from claims against prior sales.

Amounts owed to group undertakings are interest free and repayable on demand.

**17. Creditors: Amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other loans	342,500	367,500
Other creditors	-	81,039
	<u>342,500</u>	<u>448,539</u>

The other loan of £342,500 (2021: £367,500) is secured by a fixed and floating charge over certain assets of the Company and by a personal guarantee given by a director.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**18. Loans**

Analysis of the maturity of loans is given below:

	2022 £	2021 £
<b>Amounts falling due within one year</b>		
Bank loans	5,578,421	5,699,807
<b>Amounts falling due 2-5 years</b>		
Other loans	342,500	367,500
	<u>5,920,921</u>	<u>6,067,307</u>

**19. Deferred taxation**

	2022 £	2021 £
At beginning of year	(14,708)	(7,323)
Charged to profit or loss	(14,633)	(7,385)
<b>At end of year</b>	<u>(29,341)</u>	<u>(14,708)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(32,894)	(24,328)
Short term timing differences	3,553	8,585
Other item	-	1,035
	<u>(29,341)</u>	<u>(14,708)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**20. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
50,000 (2021 - 50,000) Ordinary A shares of £1.00 each	50,000	50,000
1 (2021 - 1) Ordinary C share of £1.00	1	1
1 (2021 - 1) Ordinary E share of £1.00	1	1
1 (2021 - 1) Ordinary G share of £1.00	1	1
1 (2021 - 1) Ordinary K share of £1.00	1	1
1 (2021 - 1) Ordinary I share of £1.00	1	1
	<u>50,005</u>	<u>50,005</u>

The 'A' Ordinary shares carry rights to vote, rights to receive dividends and rights to participate in the event of a sale or winding up of the Company.

All other issued shares in classes have rights to dividends but carry no voting rights and are non-participating in the event of a sale or winding up of the Company. The holders of such shares are only entitled to the par value of the shares held in such eventuality but do not rank ahead of other shareholders.

**21. Reserves**

**Share premium account**

The share premium represents the amount paid above the par value of the shares.

**Capital redemption reserve**

The capital redemption reserve relates to historic share buy-backs.

**Profit & loss account**

The profit and loss reserves are fully distributable.

**22. Pension commitments**

The Company operates a defined contribution schemes for its directors and employees. The funds of the schemes are held separately in independently administered funds. The pension costs charged for the year amounted to £160,628 (2021: £137,422). Contributions totalling £14,210 (2021: £34,340) were payable to the fund at the year end and are included in other creditors.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**23. Commitments under operating leases**

At 31 August 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	297,296	315,386
Later than 1 year and not later than 5 years	1,093,054	1,118,949
Later than 5 years	2,054,968	2,325,647
	<u>3,445,318</u>	<u>3,759,982</u>

The total value of lease payments recognised as an expense during the year was £468,109 (2021: £423,013).

**24. Other financial commitments**

The Company's bankers have issued a guarantee for ongoing VAT liabilities of £150,000 (2021: £150,000) in favour of HM Revenue & Customs with recourse to the Company. At the balance sheet date all VAT payments are up to date.

At the year end, the Company had entered into forward exchange contracts to buy US Dollars at a predetermined rate. At the year end the company has contracted to purchase \$1.65m (2021: \$Nil) with maturity dates ranging from September 2022 to January 2023.

**25. Related party transactions**

During the year, the Company had loan balances owed by directors. The balances outstanding at the year end totalled £1,467,026 (2021: £850,160). The maximum loan balance outstanding during the year was £1,467,026 (2021: £850,160). The loans are interest free and repayable on demand.

During the year, the Company paid rent and service charges of £278,619 (2021: £278,828) to a Company with a director in common in respect of the premises from which they operate.

**26. Post balance sheet events**

Dividends totalling £715,935 (2021: £Nil) were declared after the period end.

**27. Controlling party**

The ultimate controlling party is A Croston by virtue of a majority shareholding in the immediate and ultimate parent company Videcon Holdings Limited.





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