

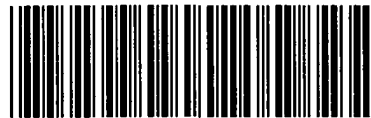
**Registered number: 04079213**

# **Victorian Plumbing Limited**

**Annual report**

**30 September 2019**

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# **Victorian Plumbing Limited**

## **Company information**

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<b>Directors</b>	M A Radcliffe N G Radcliffe
<b>Registered number</b>	04079213
<b>Registered office</b>	Unit 41, Diamond House Stephenson Way Formby Business Park, Formby Liverpool Merseyside L37 8EG
<b>Independent auditor</b>	UNW LLP Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	HSBC Plc Liverpool Corporate Centre 9th Floor Royal Liver Building Liverpool Merseyside L3 1HU
<b>Solicitors</b>	Gordons LLP Forward House 8 Duke Street Bradford West Yorkshire BD1 3QX  Bird & Bird LLP 12 New Fetter Lane London EC4A 1TP

# **Victorian Plumbing Limited**

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# **Victorian Plumbing Limited**

## **Strategic report Year ended 30 September 2019**

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### **Introduction**

These financial statements are for the year ended 30 September 2019.

### **Business review**

In stark contrast to the performance of others in our sector, Victorian Plumbing has had an exceptional year across the board.

Historically we have invested heavily in our brand, people and systems to help us gain competitive advantage over our rivals and drive the business forward. This has set the foundations for us to achieve continued growth, which has resulted in us becoming the largest online pure play bathroom retailer with turnover exceeding £150m.

In a time of uncertainty and with exchange rates fluctuating as a result of political factors our recruitment policy and strong relationships with suppliers has enabled the business to grow its gross profit margin further from 11.2% to 14.3%. We expect this to be an area of real potential as and when Brexit is decided and currency markets become more predictable.

Even more impressive is the record profits the business has generated in uncertain times, especially given the negative press around the struggles within the industry. This is always a key focus and by refining our systems and process across all departments, we've achieved some extraordinary results. Reporting a profit of £8.2m has justified all the efforts that have been made in building the Victorian Plumbing brand and the hard work that is prevalent across all departments.

We will continue to work hard on all areas of the business to achieve more great milestones in the future.

### **Performance**

After another successful year of trading the business has seen an increase in turnover, GP% and net profit.

In comparison to year ended 30th September 2018, turnover has risen by 28.5% (£33.7m) and profit before tax has grown from £3.5m to £10.1m.

### **Year end position**

This period of trading has produced significant cash generation which has in turn helped strengthen our balance sheet position in line with last year's expectations.

# Victorian Plumbing Limited

## Strategic report (continued) Year ended 30 September 2019

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### Principal risks and uncertainties

The management of the company is subject to a number of risks and uncertainties.

The company operates in a highly competitive and busy retail sector, particularly around, product range, price, service and availability. Failure to pay attention to any of these elements would result in failing to meet customer expectations, potentially reduced sales and excessive stock holdings.

To mitigate this there is a considerable focus on service, business management software, monitoring of competitor activities and the constant analysis of company performance and procedures. The company monitors its performance through both the management team and business management software. The management team regularly review forecasts and management accounts to ensure targets are met. The company's cash flows are regularly monitored, and its budget and forecasts presented and approved by the management. To meet its obligations the company regularly monitors its liquidity, giving regard to its working capital requirements and the available banking facilities and other financing.

In addition to this we will continue to monitor the effects of Brexit closely to ensure we mitigate the associated risks.

### Financial key performance indicators

The directors receive comprehensive management accounts and they review results monthly, focusing on turnover and profit before tax.

	Year ended 30 Sept 2019 £	Year ended 30 Sept 2018 £	6 month period ended 30 Sept 2017 £
Turnover	151,767,623	118,082,955	52,778,228
Profit before tax	10,127,017	3,549,254	2,455,074

### Future developments

Moving forward our strategy is to increase productivity through the introduction of new technologies and enhancing the user experience from both the customer and employee's perspective.

Marketing will continue to be the primary focus of the business, extending our budget with a view to further developing the brand and online presence, building on what has become a household name. This additional investment will be used to drive our existing strategies forward and take advantage of new exciting opportunities to help bring further successes in the coming 12 months.

2020 will see Victorian Plumbing celebrate its 20th anniversary and we look forward to writing many more chapters of this amazing story with our growing team.

This report was approved by the board on 9 December 2019 and signed on its behalf by:



**M A Radcliffe**  
Director

# **Victorian Plumbing Limited**

## **Directors' report Year ended 30 September 2019**

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The directors present their report and the financial statements for the year ended 30 September 2019.

### **Results and dividends**

The profit for the year, after taxation, amounted to £8,199,716 (2018 - £2,966,594).

Dividends totalling £3,482,500 (2018: £3,002,500) were paid in the year. The directors do not recommend the payment of a final dividend.

### **Directors**

The directors who served during the year were:

M A Radcliffe  
N G Radcliffe

### **Employee involvement**

The company's policy is to discuss with employees, through team meetings and individual appraisals, matters likely to affect the employee's interests.

Information on matters of concern to employees is given to them through regular briefings. These seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

### **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

### **Matters covered in the strategic report**

The following information, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report, as permitted by section 414C(11) of the Companies Act 2006:

- financial risk management objectives and policies
- future developments

### **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.

### **Post balance sheet events**

There have been no significant events affecting the company since the year end.

## **Victorian Plumbing Limited**

**Directors' report (continued)**  
**Year ended 30 September 2019**

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### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 9 December 2019 and signed on its behalf by:



**M A Radcliffe**  
Director

## **Victorian Plumbing Limited**

### **Directors' responsibilities statement Year ended 30 September 2019**

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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;
- 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 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.



## **Independent auditor's report to the members of Victorian Plumbing Limited**

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### **Opinion**

We have audited the financial statements of Victorian Plumbing Limited (the 'company') for the year ended 30 September 2019, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 30 September 2019 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 United Kingdom, including the Financial Reporting Council'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 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



## **Independent auditor's report to the members of Victorian Plumbing Limited (continued)**

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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.

### **Opinion 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 the 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## **Independent auditor's report to the members of Victorian Plumbing Limited (continued)**

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### **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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Who we are reporting to**

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.

  
**Andrew Wilson BA FCA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

9 December 2019

## Victorian Plumbing Limited

### Statement of comprehensive income Year ended 30 September 2019

	Note	2019 £	2018 £
<b>Profit and loss account</b>			
Turnover	5	151,767,623	118,082,955
Cost of sales		(130,000,640)	104,872,475
<b>Gross profit</b>		<b>21,766,983</b>	<b>13,210,480</b>
Administrative expenses		(11,602,877)	(9,667,289)
Other operating income	6	-	6,000
<b>Operating profit</b>	7	<b>10,164,106</b>	<b>3,549,191</b>
Interest receivable and similar income		-	3,438
Interest payable and similar charges	12	(37,089)	(3,375)
<b>Profit on ordinary activities before taxation</b>		<b>10,127,017</b>	<b>3,549,254</b>
Taxation on profit on ordinary activities	13	(1,927,301)	(582,660)
<b>Profit for the financial year</b>		<b>8,199,716</b>	<b>2,966,594</b>

There were no other amounts recognised in other comprehensive income in 2018 or 2017.

The notes on pages 14 to 27 form part of these financial statements.

# Victorian Plumbing Limited

## Balance sheet At 30 September 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	15	1,758,971	1,434,210
Tangible assets	16	518,439	780,922
		<u>2,277,410</u>	<u>2,215,132</u>
<b>Current assets</b>			
Stocks	17	16,383,633	10,132,130
Debtors	18	6,436,576	4,628,891
Cash at bank and in hand		2,681,079	612,729
		<u>25,501,288</u>	<u>15,373,750</u>
Creditors: amounts falling due within one year	19	(22,769,427)	(17,253,580)
<b>Net current assets/(liabilities)</b>		<u>2,731,861</u>	<u>(1,879,830)</u>
<b>Total assets less current liabilities</b>		<u>5,009,271</u>	<u>335,302</u>
Creditors: amounts falling due after more than one year	20	(990)	(12,932)
<b>Provisions for liabilities</b>			
Deferred tax	23	(21,598)	(52,903)
		<u>(21,598)</u>	<u>(52,903)</u>
<b>Net assets</b>		<u>4,986,683</u>	<u>269,467</u>
<b>Capital and reserves</b>			
Called up share capital	24	800	800
Profit and loss account	25	4,985,883	268,667
<b>Total equity</b>		<u>4,986,683</u>	<u>269,467</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 December 2019.

M A Radcliffe  
Director



Company registered number: 04079213

The notes on pages 14 to 27 form part of these financial statements.

## Victorian Plumbing Limited

### Statement of changes in equity Year ended 30 September 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 October 2017	800	304,573	305,373
Profit for the year	-	2,966,594	2,966,594
Dividends paid on ordinary shares	-	(3,002,500)	(3,002,500)
At 1 October 2018	800	268,667	269,467
Comprehensive Income for the year			
Profit for the year	-	8,199,716	8,199,716
Total comprehensive income for the year	-	8,199,716	8,199,716
Dividends paid on ordinary shares	-	(3,482,500)	(3,482,500)
Total transactions with owners	-	(3,482,500)	(3,482,500)
At 30 September 2019	800	4,985,883	4,986,683

The notes on pages 14 to 27 form part of these financial statements.

# Victorian Plumbing Limited

## Statement of cash flows Year ended 30 September 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	8,199,716	2,966,594
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,006,997	635,499
Depreciation of tangible assets	322,971	304,558
Profit on disposal of tangible assets	-	(52,436)
Interest paid	3,375	3,375
Interest received	-	(3,438)
Taxation charge	1,927,301	582,660
Increase in stocks	(6,251,503)	(670,546)
(Increase)/decrease in debtors	(903,185)	1,608,756
(Increase)/decrease in amounts owed by participating interest	(904,500)	-
Increase in creditors	4,969,020	1,686,098
Increase/(decrease) in provisions	-	(1,491,896)
Corporation tax paid	(1,425,644)	(1,211,094)
<b>Net cash generated from operating activities</b>	<b>6,944,548</b>	<b>4,358,130</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(1,328,223)	(971,766)
Purchase of tangible fixed assets	(64,026)	(549,185)
Interest received	-	3,438
HP interest paid	(3,047)	(3,047)
<b>Net cash from investing activities</b>	<b>(1,395,296)</b>	<b>(1,520,560)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance leases	(20,751)	(22,142)
Dividends paid	(3,482,500)	(3,002,500)
Interest paid	(328)	(328)
<b>Net cash used in financing activities</b>	<b>(3,503,579)</b>	<b>(3,024,970)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,045,673</b>	<b>(187,400)</b>
Cash and cash equivalents at beginning of year	612,729	800,129
<b>Cash and cash equivalents at the end of year</b>	<b>2,658,402</b>	<b>612,729</b>
Cash and cash equivalents at the end of year comprise:		

## Victorian Plumbing Limited

### Statement of cash flows (continued) Year ended 30 September 2019

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	2019 £	2018 £
Cash at bank and in hand	2,681,079	612,729
Bank overdrafts	(22,677)	-
	<u>2,658,402</u>	<u>612,729</u>

# Victorian Plumbing Limited

## Notes to the financial statements Year ended 30 September 2019

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### 1. General information

Victorian Plumbing Limited ('the company'), is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the company information page of this report.

The principal activity of the company is online retailing of bathroom furniture and accessories.

### 2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* ('FRS 102') and the Companies Act 2006.

### 3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

#### 3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### 3.2 Revenue

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

##### ***Sale of goods***

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

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

# Victorian Plumbing Limited

## Notes to the financial statements Year ended 30 September 2019

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### 3. Accounting policies (continued)

#### 3.3 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on all intangible assets so as to write off the cost of an asset over its estimated useful life as follows:

Computer software	-	2-3 years straight line
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Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### 3.4 Tangible fixed assets and depreciation

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price plus any further costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Long-term leasehold property	-	Amortised over the lease period
Plant and machinery	-	25% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line

Asset residual values and useful lives are reviewed at the end of each accounting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### 3.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less cost 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 profit and loss.

#### 3.6 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

#### 3.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with near insignificant risk of change in value and have original maturities of three or less months.

# Victorian Plumbing Limited

## Notes to the financial statements Year ended 30 September 2019

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### 3. Accounting policies (continued)

#### 3.8 Financial instruments

##### *Basic debt financial instruments*

The company's basic debt financial instruments, including cash and bank balances and trade and other debtors and creditors, are all due within one year and are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account within administrative expenses.

##### *Derivative financial instruments*

Derivative financial instruments, comprising forward currency contracts, are initially recognised at fair value at the date each contract is entered into and are subsequently re-measured to their fair value at each reporting date. Changes in fair value are recognised in the profit and loss account within administrative expenses.

The company does not apply hedge accounting for its forward currency contracts.

#### 3.9 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation and are measured at the best estimate at the balance sheet 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 on the balance sheet.

#### 3.10 Leases

Assets held under finance leases and hire purchase contracts, which confer rights and obligations on the company similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, and the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of charge on the remaining balance of the liability.

Leases that do not confer rights and obligations approximating to ownership are classified as operating leases. Rental payments under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such basis.

#### 3.11 Foreign currency translation

Transactions in foreign currencies are translated into sterling using the spot exchange rate at the date of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated using the spot rate at that date. Foreign exchange gains and losses are recognised in the profit and loss account.

# Victorian Plumbing Limited

## Notes to the financial statements Year ended 30 September 2019

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### 3. Accounting policies (continued)

#### 3.12 Employee benefits

##### *Short term benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

##### *Defined contribution pension plan*

The company operates a defined contribution pension plan for its employees. Contributions are recognised as an expense when they fall due. Amounts due but not yet paid are included within creditors in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### 3.13 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 the annual general meeting.

#### 3.14 Taxation

The taxation expense for the year comprises of current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

# Victorian Plumbing Limited

## Notes to the financial statements Year ended 30 September 2019

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### 4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances.

#### *Significant judgments in applying the entity's accounting policies*

No significant judgments were required in the process of applying the company's accounting policies for these financial statements.

#### *Key sources of estimation uncertainty*

**Useful lives of fixed assets** - The annual depreciation and amortisation charges for tangible and intangible fixed assets is sensitive to changes in the estimated useful lives and the residual values of the assets. These are re-assessed annually and amended to reflect current estimates. There have been no changes in the estimation bases during the current reporting period.

**Stocks** - Stocks are reviewed regularly to assess their carrying value versus the book cost. If there is doubt over the recoverability of the book value then a provision is made against that particular stock line.

### 5. Turnover

All turnover arose within the United Kingdom.

### 6. Other operating income

	2019 £	2018 £
Rental income	-	6,000

### 7. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	322,971	304,558
Amortisation of intangible assets	1,006,997	635,499
Profit on disposal of tangible fixed assets	-	(52,436)
Operating lease rentals	619,003	604,540
Loss on exchange rates	79,534	314,032

## Victorian Plumbing Limited

### Notes to the financial statements Year ended 30 September 2019

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#### 8. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>25,100</u>	<u>24,600</u>
<b>Fees payable to the company's auditor in respect of:</b>		
Taxation compliance services	<u>3,600</u>	<u>3,500</u>

#### 9. Employees

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

	2019 £	2018 £
Wages and salaries	5,867,704	4,750,866
Social security costs	456,024	367,567
Cost of defined contribution scheme	106,662	55,138
	<u>6,430,390</u>	<u>5,173,571</u>

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

	2019 No.	2018 No.
Warehouse	170	158
Office	111	94
Management	17	14
	<u>298</u>	<u>266</u>

## Victorian Plumbing Limited

### Notes to the financial statements Year ended 30 September 2019

#### 10. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	54,991	59,299
Company contributions to defined contribution pension schemes	1,395	810
	<u>56,386</u>	<u>60,109</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

#### 11. Interest receivable

	2019 £	2018 £
Other interest receivable	-	3,438
	<u>-</u>	<u>3,438</u>

#### 12. Interest payable and similar charges

	2019 £	2018 £
Interest payable	34,042	328
Finance leases and hire purchase contracts	3,047	3,047
	<u>37,089</u>	<u>3,375</u>

# Victorian Plumbing Limited

## Notes to the financial statements Year ended 30 September 2019

### 13. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,963,614	711,013
Adjustments in respect of previous periods	(5,008)	(122,987)
<b>Total current tax</b>	<b>1,958,606</b>	<b>588,026</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(34,989)	(9,634)
Adjustments in respect of previous periods	1	3,254
Effect of changes in tax rates	3,683	1,014
<b>Total deferred tax</b>	<b>(31,305)</b>	<b>(5,366)</b>
<b>Taxation on profit on ordinary activities</b>	<b>1,927,301</b>	<b>582,660</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	10,127,017	3,549,254
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,924,133	674,358
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,492	26,027
Adjustments to tax charge in respect of prior periods	(5,007)	(119,733)
Non-taxable income	-	(3,420)
Tax rate change	3,683	1,014
Chargeable gains	-	4,414
<b>Total tax charge for the year</b>	<b>1,927,301</b>	<b>582,660</b>

# Victorian Plumbing Limited

## Notes to the financial statements Year ended 30 September 2019

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### 13. Taxation (continued)

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted on 2 July 2013 and effective from 1 April 2017. A further reduction to 17%, effective from 1 April 2020, was announced in Finance Act 2016 and substantively enacted on 6 September 2016. The deferred tax liability at 30 September 2018 has therefore been calculated at 17%.

### 14. Dividends

	2019 £	2018 £
Dividends paid	<u>3,482,500</u>	<u>3,002,500</u>

During the year, certain shareholders have waived their right to receive dividends and therefore the dividend paid above is not based on the total number of ordinary shares in issue.

### 15. Intangible assets

	Computer software £
<b>Cost</b>	
At 1 October 2018	2,383,400
Additions	1,328,223
At 30 September 2019	<u>3,711,623</u>
<b>Amortisation</b>	
At 1 October 2018	949,190
Charge for the year	1,003,462
At 30 September 2019	<u>1,952,652</u>
<b>Net book value</b>	
At 30 September 2019	<u>1,758,971</u>
At 30 September 2018	<u>1,434,210</u>

## Victorian Plumbing Limited

### Notes to the financial statements Year ended 30 September 2019

#### 16. Tangible fixed assets

	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>						
At 1 October 2018	53,035	428,700	47,019	839,273	551,719	1,919,746
Additions	-	16,096	-	9,203	38,727	64,026
At 30 September 2019	<u>53,035</u>	<u>444,796</u>	<u>47,019</u>	<u>848,476</u>	<u>590,446</u>	<u>1,983,772</u>
<b>Depreciation</b>						
At 1 October 2018	10,223	197,243	23,587	635,017	272,754	1,138,824
Charge for the year	3,536	92,166	9,710	112,151	108,946	326,509
At 30 September 2019	<u>13,759</u>	<u>289,409</u>	<u>33,297</u>	<u>747,168</u>	<u>381,700</u>	<u>1,465,333</u>
<b>Net book value</b>						
At 30 September 2019	<u>39,276</u>	<u>155,387</u>	<u>13,722</u>	<u>101,308</u>	<u>208,746</u>	<u>518,439</u>
At 30 September 2018	<u>42,812</u>	<u>231,457</u>	<u>23,432</u>	<u>204,256</u>	<u>278,965</u>	<u>780,922</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	<u>3,770</u>	<u>24,182</u>

## Victorian Plumbing Limited

### Notes to the financial statements Year ended 30 September 2019

#### 17. Stocks

	2019 £	2018 £
Packaging	88,314	41,966
Goods for resale	16,295,319	10,090,164
	<u>16,383,633</u>	<u>10,132,130</u>

Stock recognised in cost of sales during the year as an expense was £71,397,086 (2018: £55,006,176).

No impairment loss was recognised in cost of sales in either the current period or previous period.

#### 18. Debtors

	2019 £	2018 £
Trade debtors	1,148,880	888,435
Amounts owed by related parties	2,123,253	1,218,753
Other debtors	2,368,485	1,209,621
Prepayments and accrued income	630,851	997,759
Tax recoverable	165,107	314,323
	<u>6,436,576</u>	<u>4,628,891</u>

No provision for impairment is recognised within trade debtors (2018: £nil). The reversal of impairment credit for the year, included within administrative expenses totalled £2,973 (2018: £nil).

#### 19. Creditors: amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	22,677	-
Trade creditors	16,411,172	12,705,694
Corporation tax	902,376	369,414
Other taxation and social security	2,410,283	1,999,520
Obligations under finance lease and hire purchase contracts	13,396	22,205
Other creditors	604,253	563,300
Accruals and deferred income	2,405,270	1,593,447
	<u>22,769,427</u>	<u>17,253,580</u>

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

## Victorian Plumbing Limited

### Notes to the financial statements Year ended 30 September 2019

#### 20. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	<u>990</u>	<u>12,932</u>

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

#### 21. Finance leases and hire purchase contracts

Minimum lease payments under finance leases and hire purchase contracts fall due as follows:

	2019 £	2018 £
Within one year	13,699	24,037
After one year and before five years	1,090	12,933
<b>Total gross payments</b>	<u>14,789</u>	<u>36,970</u>
Less: future interest charges	(402)	(1,833)
<b>Carrying amount of liability</b>	<u>14,387</u>	<u>35,137</u>

#### 22. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>8,321,697</u>	<u>3,929,538</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(17,333,112)</u>	<u>(13,628,635)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade and other creditors, net obligations under finance leases and hire purchase contracts and accruals.

## Victorian Plumbing Limited

### Notes to the financial statements Year ended 30 September 2019

#### 23. Deferred taxation

	2019 £	2018 £
At beginning of year	(52,903)	(58,269)
Deferred tax credited to statement of comprehensive income	31,305	8,620
Adjustments in respect of prior periods	-	(3,254)
At end of year	<u>(21,598)</u>	<u>(52,903)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	25,093	58,573
Short term timing differences - trading	(3,495)	(5,670)
	<u>21,598</u>	<u>52,903</u>

#### 24. Share capital

##### Shares classified as equity

	2019 £	2018 £
Allotted, called up and fully paid		
800 (2018 - 800) Ordinary shares of £1 each shares of £1.00 each	<u>800</u>	<u>800</u>

#### 25. Reserves

##### Profit and loss account

The profit and loss reserve is the company's cumulative profits and losses, net of cumulative dividends paid and other adjustments.

#### 26. Contingent liabilities

A bank loan in Radcliffe Property Management Limited was secured by a multilateral guarantee between Victorian Plumbing Limited and Radcliffe Property Limited; Radcliffe Property Management Limited being the beneficiary. The balance at the year end was £nil (2018: £1,288,692).

# Victorian Plumbing Limited

## Notes to the financial statements Year ended 30 September 2019

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### 27. Pension commitments

The company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from the company in an independently administered scheme. The pension cost represents contributions payable by the company to the fund totaling £106,662 (2018: £55,138). Included within creditors is £55,014 of contributions payable to the fund at the balance sheet date (2018: £33,348).

### 28. Commitments under operating leases

At 30 September 2019 the company had future minimum lease payments under non-cancelable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	669,961	615,113
Later than 1 year and not later than 5 years	2,265,277	2,346,537
Later than 5 years	-	1,795,525
	<u>2,935,238</u>	<u>4,757,175</u>

### 29. Related party transactions

At 30 September 2019, the company was owed £2,188,253 (2018: £1,218,752) by Radcliffe Property Management Limited. Transactions with Radcliffe Property Management Limited consisted of rent costs totalling £324,000 and loans totalling £1,195,000 in the year to 30 September 2019 (2018: £324,000). In the prior year, the company disposed of a property with a net book value of £272,564 for proceeds of £325,000. An amount of £65,000 (2018: £145,000) is included within creditors.

The individuals who are considered key management personnel have received remuneration totalling £261,741 (2018: £107,113) excluding dividends disclosed in note 14.

At 30 September 2019, M Radcliffe had an directors loan account with amounts owed by the company totalling £48,805 (2018: £41,551) which is included in other creditors. Interest has been charged on the account totalling £26,541 (2018: £11,948). Dividends totalling £3,032,500 were paid to M Radcliffe during the year (2018: £2,662,500).

At 30 September 2019, N Radcliffe and C Radcliffe had directors loan accounts totalling £36,676 (2018: £42,619) and £8,867 (2018: £16,856) respectively and are included in other creditors. Interest has been credited to the accounts during the period totalling £5,651 (2018: £6,663). Dividends £280,000 and £70,000 were paid to N Radcliffe and C Radcliffe respectively (2018: £200,000 and £70,000).

At 30 September 2019, there was a shareholders loan totalling £17,945 (2018: £22,869) included within creditors in respect of M Stewart. Interest of £1,849 (2018: £1,845) has been credited to the account during the period. Dividends totalling £100,000 were paid to M Stewart (2018: £70,000).

### 30. Controlling party

The company is controlled by M Radcliffe by virtue of his majority shareholding.