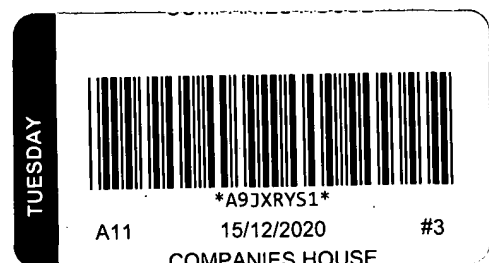


**Registered number: 04079213**

# **Victorian Plumbing Ltd**

**Annual report**

**30 September 2020**



# **Victorian Plumbing Ltd**

## **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 Chartered Accountants 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 Ltd**

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# Victorian Plumbing Ltd

## Strategic report Year ended 30 September 2020

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### Introduction

The directors present the financial statements of Victorian Plumbing Ltd ("the company" and "Victorian Plumbing") for the year ended 30 September 2020.

### Business review

Victorian Plumbing has had an exceptional year and has successfully delivered another remarkable period of growth.

The continuing theme of investing heavily in the brand to increase awareness remains at the forefront of our long-term plan, helping to elevate Victorian Plumbing's position as a household name throughout the UK. Our mission is to further increase the popularity of the brand and cement it into people minds.

This year has also seen further investment in our IT infrastructure and teams, with enhancements to systems under development to help drive the business forward with the first modules successfully delivered at the end of the financial year. We expect to see a gradual increase in both efficiency and capacity across the business over the next 2 years as more modules are implemented.

Our consistent approach to investment in the brand and technology is driving considerable growth and we continue to hold the position of the largest bathroom retailer in the UK with turnover exceeding £200m, setting yet another new benchmark for the industry.

Clearly this year has not been without its challenges, and as with many businesses, the impact of the Covid-19 epidemic has presented many operational challenges. Our strong financial position gave us the opportunity to acquire an additional 18,000 sq/ft of office space to enable social distancing and ensure our staff can work safely and within the guidelines.

### Performance

This year has seen Victorian Plumbing report record turnover and continue to increase its profitability.

	2020 (£m)	2019 (£m)
Revenue	£209.9	£151.8
Profit before tax	£25.9	£10.1
Gross profit margin (%)	20.1%	14.3%

Average employee numbers have increased by 71 to 369 due to the growth of the business.

### Year end position

This year has been the most successful in our history, going from strength to strength, producing significant cash generation and improving our balance sheet position.

# **Victorian Plumbing Ltd**

## **Strategic report (continued)** **Year ended 30 September 2020**

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### **Principal risks and uncertainties**

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

The company operates in a highly competitive and busy retail sector, particularly with regard to product range, price, service and availability. Failure to pay attention to any of these elements could result in failing to meet customer expectations, potentially reduced sales and excessive stock holdings. To mitigate this there is a considerable focus on service, systems and controls, the monitoring of competitor activities and the constant analysis of company performance and procedures. The management team regularly review performance and forecasts to ensure targets are met. The company's cash flows are regularly monitored, and its budget and forecasts reviewed by management. To meet its obligations the company regularly monitors its liquidity, having regard to its working capital requirements, banking facilities and other financing.

The company's sales are all in the United Kingdom and the majority of purchases are outside the European Union, therefore any impact of Brexit is expected to be minimal. However, we will continue to monitor the effects of Brexit closely to ensure we mitigate the associated risks.

### **Financial risk management**

Financial risk management is considered regularly by the management team and the directors. Primary risks to which the company could be exposed are interest rate risk, foreign exchange risk, liquidity risk and credit risk.

#### ***Interest rate risk***

The company has no external debt, therefore any fluctuations in interest rate do not have a significant effect on the group.

#### ***Foreign exchange risk***

The company makes a significant amount of purchases from overseas and therefore is subject to any fluctuations in the US dollar rate. The company enters into forward contracts to mitigate the foreign exchange risk. Despite the current unfavourable US dollar exchange rate, the company is continuing to generate significant profit margins on its products.

#### ***Liquidity risk***

The company ensures that there are sufficient funds available to meet the requirements of its on-going operations. Due to the nature of the business there are very low trade receivables and the majority of sales are paid for prior to orders being despatched. The company has a significant cash balance of £8.9m at the year end therefore there is sufficient liquidity headroom.

#### ***Credit risk***

Credit risk principally arises on trade receivables and, as noted above, the majority of sales are paid before despatch therefore credit risk does not have a significant effect on the company.

The company prepares comprehensive annual budgets. Monthly management information is produced and reviewed by directors and senior management comparing it to both budget and previous year to assess performance and identify changing market conditions. Robust controls, policies and procedures are in place to mitigate risk.

## **Victorian Plumbing Ltd**

### **Strategic report (continued) Year ended 30 September 2020**

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#### **Future developments**

We are focusing on being increasingly competitive with our marketing activity to further grow brand awareness, taking the business to new heights by building on the successes of previous years to deliver further growth.

Victorian Plumbing's software journey will continue to evolve over the next 12 months. Although our existing IT solution continues to meet the growth demands of the business, there will be a series of modules being introduced within the year. Combining the latest technology with knowledge and logic that has been honed from years of experience in this sector will help to ensure that we realise efficiencies and are able to scale our systems to meet the longer-term goals of the operation. Allied to this will be features and functions that will have a positive impact on the customer experience, by enriching the options available to end users and further enabling our teams to provide a higher level of service.

A recent move to a new head office should help us to continue to attract new talent to the business, complementing the existing team and helping drive the business forward.

Unfortunately, Covid-19 saw our 20th anniversary celebrations put on hold, but we look forward to celebrating this and future successes in the coming months.

#### **Directors duty to promote the success of the company**

The directors have a duty to promote the success of the company for the benefit of all key stakeholders.

Considering the potential consequences that a decision may have on its employees, suppliers, customers and other related parties is paramount. Acting with integrity and promoting high standards across the business reflects positively on the already high regard in which we are held.

Victorian Plumbing is aware of its responsibility to the local community and the environment, raising funds for local charities and providing support to children's sports clubs has always been a focus of ours. Elsewhere the company is looking to find ways of reducing energy consumption and its environmental impact across our operations.

Fundamental to the business is our ultimate aim of increasing the value of the value of the group and the welfare of our colleagues through building lasting relationships with our partners and creating opportunities for employees to achieve their potential.

This report was approved by the board on 10 December 2020 and signed on its behalf by:



**M A Radcliffe**  
Director

## **Victorian Plumbing Ltd**

### **Directors' report Year ended 30 September 2020**

---

The directors present their report and the financial statements for the year ended 30 September 2020.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £21,398,182 (2019: £8,136,478).

Dividends totalling £11,063,500 (2019: £3,482,500) 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

#### **Engagement with employees**

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 company'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.

## Victorian Plumbing Ltd

### Directors' report (continued) Year ended 30 September 2020

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#### Greenhouse gas emissions, energy consumption and energy efficiency action

The company's greenhouse gas emissions and energy consumption for the year ended 30 September 2020 is summarised below;

Annual emissions in tonnes of carbon dioxide equivalent from activities for which the company is responsible involving the combustion of gas or the consumption of fuel for the purposes of transport and property:

	Metric tonnes CO2e
<b>Transport</b>	
Commercial vehicles	12.64
Passenger vehicles	0.74
<b>Property</b>	
Office	30.50
Mixed use	3.25
Shop	0.08
Warehouse	<u>0.00</u>
<b>Total</b>	<u>47.21</u>
<b>Tonnes CO2 per employee</b>	<u>0.13</u>

Annual emissions in tonnes of carbon dioxide equivalent from purchased electricity by the company for its own use:

	Metric tonnes CO2e
<b>Property</b>	
Office	-
Mixed use	10
Shop	-
Warehouse	<u>225</u>
<b>Total</b>	<u>235</u>

Energy consumed from activities involving the combustion of gas or the consumption of fuel and electricity purchased by the company for its own use in kWh:

	Fuel (kWh)		
<b>Transport</b>			
Commercial vehicles		33,425	
Passenger vehicles		<u>2,751</u>	
<b>Total</b>		<u>36,176</u>	
<b>Property</b>	<b>Electric (kWh)</b>	<b>Gas (kWh)</b>	<b>Total (kWh)</b>
Office	107,125	80,901	188,026
Mixed use	48,918	11,508	60,426
Shop	17,949	8,264	26,213
Warehouse	<u>1,110,030</u>	-	<u>1,110,030</u>
<b>Total</b>	<u>1,284,022</u>	<u>100,673</u>	<u>1,384,695</u>

During the year a number of our premises were supplied with energy from companies that are rated as having zero environmental impact in terms of CO2/kWh.

#### Reporting methodology

In order to calculate the published figures we used bills provided from our suppliers and applied their published CO2g/kWh and vehicle/mileage records using the 2020 conversion factors provided by HMRC.

#### Reporting ratio

The chosen ratio is total emissions in metric tonnes CO2 per employee, which will be the basis for reporting in future periods.



## **Victorian Plumbing Ltd**

### **Directors' report (continued) Year ended 30 September 2020**

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#### **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.

#### **Events after the reporting period**

After the year end the company entered into a consultancy agreement with a third party company that the directors consider is a material post year end commitment or contingent liability. A reliable estimate of the potential liability cannot be made.

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

#### **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 10 December 2020 and signed on its behalf by:



**M A Radcliffe**  
Director

## **Victorian Plumbing Ltd**

### **Directors' responsibilities statement Year ended 30 September 2020**

---

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 International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are relevant, reliable and reasonable;
- state whether applicable IFRSs 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 Ltd**

---

### **Opinion**

We have audited the financial statements of Victorian Plumbing Ltd (the 'company') for the year ended 30 September 2020, which comprise the statement of comprehensive income, the statement of financial position, 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 International Financial Reporting Standards as adopted by the European Union.

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and of the company's profit for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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.



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

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### **Other information**

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.

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 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.

### **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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters 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 Victorian Plumbing Ltd (continued)**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

10 December 2020

## Victorian Plumbing Ltd

### Statement of comprehensive income Year ended 30 September 2020

	Note	2020 £	2019 £
Revenue	5	209,902,360	151,767,623
Cost of sales		(167,743,521)	(130,000,640)
<b>Gross profit</b>		<b>42,158,839</b>	<b>21,766,983</b>
Administrative expenses		(16,165,994)	(11,495,737)
Other operating income	6	125,722	-
<b>Operating profit</b>	7	<b>26,118,567</b>	<b>10,271,246</b>
Finance costs	10	(223,985)	(207,467)
<b>Profit before tax</b>		<b>25,894,582</b>	<b>10,063,779</b>
Tax on profit	11	(4,496,400)	(1,927,301)
<b>Profit for the financial year</b>		<b>21,398,182</b>	<b>8,136,478</b>

All amounts relate to continuing operations.

There were no other amounts recognised in other comprehensive income in 2020 or 2019.

The notes on pages 17 to 45 form part of these financial statements.

## Victorian Plumbing Ltd

### Statement of financial position At 30 September 2020

	Note	2020 £	2019 £	2018 £
<b>Non-current assets</b>				
Intangible assets	13	2,333,528	1,758,971	1,434,210
Property, plant and equipment	14	3,729,930	4,003,276	4,490,044
		<u>6,063,458</u>	<u>5,762,247</u>	<u>5,924,254</u>
<b>Current assets</b>				
Inventories	16	23,956,684	16,383,633	10,132,130
Trade and other receivables	17	9,440,300	6,271,469	4,314,568
Tax recoverable		1,400,261	165,107	314,323
Cash and cash equivalents		8,950,717	2,681,079	612,729
		<u>43,747,962</u>	<u>25,501,288</u>	<u>15,373,750</u>
<b>Current liabilities</b>				
Bank overdrafts		-	(22,677)	-
Trade and other payables	18	(31,380,818)	(21,830,978)	(16,861,961)
Hire purchase contracts		(866)	(13,396)	(22,205)
Finance leases		(532,059)	(513,567)	(435,226)
Corporation tax		-	(902,376)	(369,414)
		<u>(31,913,743)</u>	<u>(23,282,994)</u>	<u>(17,688,806)</u>
<b>Non-current liabilities</b>				
Hire purchase contracts		-	(990)	(12,932)
Finance leases		(2,714,005)	(3,246,062)	(3,485,450)
Deferred tax	22	(137,099)	(21,598)	(52,903)
		<u>(2,851,104)</u>	<u>(3,268,650)</u>	<u>(3,551,285)</u>
<b>Net assets</b>		<u>15,046,573</u>	<u>4,711,891</u>	<u>57,913</u>
<b>Equity attributable to the owners of the company</b>				
Share capital	23	800	800	800
Retained earnings	24	15,045,773	4,711,091	57,113
<b>Total equity</b>		<u>15,046,573</u>	<u>4,711,891</u>	<u>57,913</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2020.



**M A Radcliffe**  
Director

Registered number: 04079213

The notes on pages 16 to 42 form part of these financial statements.

## Victorian Plumbing Ltd

### Statement of changes in equity Year ended 30 September 2020

	Share capital	Retained earnings	Total equity
	£	£	£
<b>At 1 October 2018</b>	<b>800</b>	<b>268,667</b>	<b>269,467</b>
Transition to IFRS	-	(211,554)	(211,554)
<b>At 1 October 2018 (as restated)</b>	<b>800</b>	<b>57,113</b>	<b>57,913</b>
Profit for the year	-	8,136,478	8,136,478
Dividends paid on ordinary shares	-	(3,482,500)	(3,482,500)
<b>At 1 October 2019</b>	<b>800</b>	<b>4,985,883</b>	<b>4,986,683</b>
Transition to IFRS	-	(274,792)	(274,792)
<b>At 1 October 2019 (as restated)</b>	<b>800</b>	<b>4,711,091</b>	<b>4,711,891</b>
Profit for the year	-	21,398,182	21,398,182
Dividends paid on ordinary shares	-	(11,063,500)	(11,063,500)
<b>At 30 September 2020</b>	<b>800</b>	<b>15,045,773</b>	<b>15,046,573</b>

The notes on pages 16 to 42 form part of these financial statements.



## Victorian Plumbing Ltd

### Statement of cash flows Year ended 30 September 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	21,398,182	8,136,478
Adjustments for:		
Amortisation of intangible assets	1,468,473	1,006,997
Depreciation of property, plant and equipment	828,232	845,092
Government grant income received	(125,722)	-
Finance costs paid	223,985	207,467
Taxation charge	4,496,400	1,927,301
Increase in inventories	(7,573,051)	(6,251,503)
Increase in receivables	621,617	(903,185)
Increase in amounts owed by related parties	(3,790,448)	(904,500)
Increase in payables	9,549,842	4,965,482
Corporation tax paid	(6,518,429)	(1,425,644)
<b>Net cash generated from operating activities</b>	<b>20,579,081</b>	<b>7,603,985</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(2,043,030)	(1,328,223)
Purchase of property, plant and equipment	(554,886)	(64,026)
Government grants received	125,722	-
HP finance costs paid	-	(3,047)
Right-of-use assets finance costs	(156,394)	(170,378)
<b>Net cash from investing activities</b>	<b>(2,628,588)</b>	<b>(1,565,674)</b>
<b>Cash flows from financing activities</b>		
Repayment of HP contracts	(13,520)	(20,751)
Dividends paid	(11,063,500)	(3,482,500)
Finance costs paid	(67,591)	(34,042)
Repayment of lease liability	(513,567)	(455,345)
<b>Net cash used in financing activities</b>	<b>(11,658,178)</b>	<b>(3,992,638)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,292,315</b>	<b>2,045,673</b>

## Victorian Plumbing Ltd

### Statement of cash flows (continued) Year ended 30 September 2020

---

	2020 £	2019 £
Cash and cash equivalents at beginning of year	2,658,402	612,729
Cash and cash equivalents at the end of year	<u>8,950,717</u>	<u>2,658,402</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,950,717	2,681,079
Bank overdrafts	-	(22,677)
	<u>8,950,717</u>	<u>2,658,402</u>

## Victorian Plumbing Ltd

### Analysis of net debt Year ended 30 September 2020

---

	At 1 October 2019 £	Cash flows £	At 30 September 2020 £
Cash at bank and in hand	2,681,079	6,269,638	8,950,717
Bank overdrafts	(22,677)	22,677	-
Debt due after 1 year	(990)	990	-
Debt due within 1 year	(13,396)	12,530	(866)
Finance leases	(3,759,629)	513,565	(3,246,064)
	<u>(1,115,613)</u>	<u>6,819,400</u>	<u>5,703,787</u>

The notes on pages 17 to 45 form part of these financial statements.

# **Victorian Plumbing Ltd**

## **Notes to the financial statements Year ended 30 September 2020**

---

### **1. General information**

Victorian Plumbing Ltd ('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. 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.

#### **2.1 Basis of preparation of financial statements**

The financial statements of Victorian Plumbing Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the recognition of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The financial statements are presented in pounds sterling and rounded to the nearest £.

The company previously prepared their financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 and the Companies Act 2006. The company has transitioned to IFRS, with the transition date being 1 October 2018. The statement of financial position therefore presents the financial position of the company at 30 September 2020, 30 September 2019 and 1 October 2018 (being the transition date).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **2.1 Basis of preparation of financial statements (continued)**

###### **New standards**

###### ***IFRS 16 'Leases'***

###### ***Introduction***

IFRS 16 'Leases' replaces IAS 17 'Leases'. The adoption of this new standard on 1 October 2018 has resulted in the company recognising a right-of-use asset and related lease liability in connection with all former operating leases.

The new standard has been applied using the full retrospective approach with the cumulative effect of adopting IFRS 16 recognised in equity as an adjustment to the opening balance of retained earnings for the current and prior periods.

On adoption of IFRS 16, the company has recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the date when the leases were entered into.

The impact on the company is to bring majority of the leases where the company is a lessee on-balance sheet. Leased assets are recognised as 'right-of-use' assets within 'Property, plant and equipment' and a corresponding lease liability is recognised within 'Finance leases' in the statement of financial position.

The right-of-use assets are depreciated while finance costs are charged on the lease liability. Previously lease costs were recorded within administrative expenses in the statement of comprehensive income.

###### ***Financial impact***

The financial impact of the transition adjustments in relation to the adoption of IFRS 16 'Leases' have been detailed in note 30.

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **2.2 Going concern**

The company meets its working capital requirements through its operating cash flows.

Considering recent global events, which persist at the date of approval of these financial statements, the directors have taken measures to counter the potential impact of Covid-19 on the company's operations and the resultant impact on financial headroom. Contingency plans have been implemented to mitigate the risk of employee absence and supply chain failure through working practices designed to protect employees' welfare and through advance planning of the company's key supply requirements for the coming months.

The directors have prepared financial forecasts which indicate that the company will maintain sufficient financial headroom to enable it to continue meeting its liabilities as they fall due in the normal course of business for at least the next twelve months following approval of these financial statements. Relative to other companies the company has experienced limited exposure to the impact of the Covid-19 global pandemic during the year and since the balance sheet date. In line with government guidelines it has been open for trading throughout the lockdown period and has continued to trade profitably for the 2020/21 year to date. During this period, the company has also continued to maintain significant cash headroom. The company maintained net current assets of £11.8m at 30 September 2020. The company has made limited use of the government job retention scheme in the current year but, given the financial performance of the company, intends to repay the amount received in full. The directors have not considered it necessary to apply for any additional financial support as the previous strong financial performance of the company has resulted in significant cash balances and profit and loss reserves.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial and other resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **2.3 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.

The nature of the goods that are being sold are detailed in note 1.

Refunds are offered if the products are returned within 30 days of the customer receiving the goods. The manufacturer guarantee found on a product is offered and honoured by the product's manufacturer. The guarantee offered will cover against any manufacturing defects. Serviceable parts are not part of a product's warranty. No warranty is offered by the company.

##### **2.4 Foreign currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling (£), which is the company's functional and presentation currency.

*Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within cost of sales.*

##### **2.5 Government grants**

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

##### **2.6 Finance income**

Interest income is recognised in profit or loss using the effective interest method.

# **Victorian Plumbing Ltd**

## **Notes to the financial statements Year ended 30 September 2020**

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### **2. Accounting policies (continued)**

#### **2.7 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### **2.8 Pensions**

##### ***Defined contribution pension plan***

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state managed retirement benefit plans are accounted for as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

##### ***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.



## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **2.9 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the company the ability to control the reversal of the temporary difference is the deferred tax liability not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

# Victorian Plumbing Ltd

## Notes to the financial statements Year ended 30 September 2020

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### 2. Accounting policies (continued)

#### 2.10 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be & available for use;
- management intends to complete the software product and use or sell it; & there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives which is 2 - 3 years.

#### 2.11 Property, plant and equipment

Property, plant and equipment 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

Depreciation is provided on all property, plant and equipment 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	- 4 years
Motor vehicles	- 4 years
Fixtures and fittings	- 4 years
Office equipment	- 4 years
Right-of-use assets	- Amortised over the lease period or 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **2.12 Inventories**

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, inventories are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. Any impairment loss is recognised immediately in the profit and loss account.

##### **2.13 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 Ltd

## Notes to the financial statements Year ended 30 September 2020

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### 2. Accounting policies (continued)

#### 2.14 Financial instruments

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

##### *Financial assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

##### *Derecognition of financial assets*

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

##### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Equity instruments*

For equity instruments issued as consideration for a business combination under common control, where such issue qualifies for merger relief, they are recognised at their nominal value.

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **2.14 Financial instruments (continued)**

###### *Financial liabilities*

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

###### *Financial liabilities at FVTPL*

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

###### *Derivatives*

The group enters into derivative financial instruments to manage its exposure to foreign exchange risk via forward currency contracts. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognised in net finance costs.

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 2. Accounting policies (continued)

##### 2.15 Leases

###### *As a lessee*

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

For all other leases, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented within non-current assets in the statement of financial position (note 15). The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **2.16 Impairment**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use.

Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

##### **2.17 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.

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 3. 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*

Intangible assets include third party costs for computer software development. A certain proportion of the total costs are capitalised as they relate to development costs and the remaining costs are deemed to be maintenance costs and are expensed to the statement of comprehensive income. The proportion is calculated using a combination of management's best estimate and information provided by the third party.

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

##### *Key sources of estimation uncertainty*

**Useful lives of property, plant and equipment, and intangible assets** - The annual depreciation and amortisation charges for property, plant and equipment, and intangible assets are 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.

**Inventories** - Inventories 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 inventory line.

#### 4. Segmental analysis

The principal activities of the company are the online retailing of bathroom furniture and accessories. As there is only one principal activity for the company the directors consider that there are no material separately identifiable segments required to be disclosed under the conditions of IFRS 8 Operating Segments.

#### 5. Revenue

An analysis of revenue by class of business is as follows:

	2020 £	2019 £
Online	208,914,782	150,739,370
Shop	987,578	1,028,253
	<u>209,902,360</u>	<u>151,767,623</u>

All revenue arose within the United Kingdom.



## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 6. Other operating income

	2020 £	2019 £
Job retention scheme grant	<u>125,722</u>	<u>-</u>

#### 7. Operating profit

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

	2020 £	2019 £
Depreciation of property, plant and equipment	828,232	845,092
Amortisation charge (included within administrative expenses)	1,468,473	1,006,997
Research and development expenditure	191,866	62,411
(Gain)/loss on foreign exchange rates	(650,274)	79,534
Auditor's remuneration		
Audit of financial statements	47,000	25,100
Fees payable to the company's auditor in respect of:		
Taxation services	<u>22,700</u>	<u>3,600</u>

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 8. Employees

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

	2020 £	2019 £
Wages and salaries	8,081,350	5,867,219
Social security costs	665,514	456,024
Cost of defined contribution scheme	137,387	106,662
	<u>8,884,251</u>	<u>6,429,905</u>

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

	2020 No.	2019 No.
Warehouse	230	170
Office	121	111
Management	18	17
	<u>369</u>	<u>298</u>

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

#### 9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	55,096	54,506
Company contributions to defined contribution pension schemes	1,620	1,395
	<u>56,716</u>	<u>55,901</u>

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes.

#### 10. Finance costs

	2020 £	2019 £
Hire purchase contracts	2,013	3,047
Finance costs	16	-
Director's loans	65,562	34,042
Finance leases	156,394	170,378
	<u>223,985</u>	<u>207,467</u>

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

#### 11. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	4,954,899	1,963,614
Adjustments in respect of previous periods	(574,000)	(5,008)
<b>Total current tax</b>	<b>4,380,899</b>	<b>1,958,606</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(27,248)	(34,989)
Adjustments in respect of previous periods	125,449	1
Effect of changes in tax rates	17,300	3,683
<b>Total deferred tax</b>	<b>115,501</b>	<b>(31,305)</b>
<b>Taxation on profit on ordinary activities</b>	<b>4,496,400</b>	<b>1,927,301</b>

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 -higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	25,894,582	10,063,779
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	4,919,971	1,924,133
<b>Effects of:</b>		
Expenses not deductible for tax purposes	7,680	4,492
Adjustments to tax charge in respect of prior periods	(448,551)	(5,007)
Tax rate change	17,300	3,683
<b>Total tax charge for the year</b>	<b>4,496,400</b>	<b>1,927,301</b>

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **11. Taxation (continued)**

##### **Factors that may affect future tax charges**

The rate of corporation tax in the UK throughout the period was 19%. Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates. Accordingly, the company's profits for this period are taxed at an effective rate of 19.00% and closing deferred taxation has been calculated based on a rate of 19% (2019: 17%).

#### **12. Dividends**

	2020 £	2019 £
Dividends paid (£15,875 per share (2019: £5,188 per share))	<u>11,063,500</u>	<u>3,482,500</u>

Certain shareholders have waived their right to receive dividends and therefore the dividends paid above are not based on the total number of ordinary shares in issue at the time.

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **13. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 October 2019	<b>3,711,623</b>
Additions - external	<b>1,432,001</b>
Additions - internal	<b>611,029</b>
	<hr/>
At 30 September 2020	<b>5,754,653</b>
	<hr/>
<b>Amortisation</b>	
At 1 October 2019	<b>1,952,652</b>
Charge for the year	<b>1,468,473</b>
	<hr/>
At 30 September 2020	<b>3,421,125</b>
	<hr/>
<b>Net book value</b>	
At 30 September 2020	<b>2,333,528</b>
	<hr/>
At 30 September 2019	<b>1,758,971</b>
	<hr/>

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

#### 14. Property, plant and equipment

	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Right-of- use assets £	Total £
<b>Cost</b>							
At 1 October 2019	53,035	444,796	47,019	848,476	590,446	5,017,537	7,001,309
Additions	-	74,166	23,732	192,416	264,572	-	554,886
At 30 September 2020	<u>53,035</u>	<u>518,962</u>	<u>70,751</u>	<u>1,040,892</u>	<u>855,018</u>	<u>5,017,537</u>	<u>7,556,195</u>
<b>Depreciation</b>							
At 1 October 2019	13,759	289,409	33,297	747,168	381,700	1,532,700	2,998,033
Charge for the year	3,534	78,133	12,597	61,563	114,841	557,564	828,232
At 30 September 2020	<u>17,293</u>	<u>367,542</u>	<u>45,894</u>	<u>808,731</u>	<u>496,541</u>	<u>2,090,264</u>	<u>3,826,265</u>
<b>Net book value</b>							
At 30 September 2020	<u>35,742</u>	<u>151,420</u>	<u>24,857</u>	<u>232,161</u>	<u>358,477</u>	<u>2,927,273</u>	<u>3,729,930</u>
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>3,484,837</u>	<u>4,003,276</u>

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

	2020 £	2019 £
Plant and machinery	<u>-</u>	<u>3,770</u>

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

#### 15. Right-of-use assets

##### Leases as lessee

Right-of-use assets relate to leased warehouse facilities and operational vehicles.

	2020 £	2019 £
<b>Right-of-use assets</b>		
Balance at 1 October	3,484,837	4,003,420
Depreciation charge for the year	(557,564)	(518,583)
<b>Balance at 30 September</b>	<b>2,927,273</b>	<b>3,484,837</b>
<b>Amounts recognised in profit or loss</b>		
Depreciation charged on right-of-use assets	557,564	518,583
Finance costs on lease liabilities	156,394	170,378
Lease rental expenditure	(669,961)	(625,723)
	<b>43,997</b>	<b>63,238</b>
<b>Amounts recognised in statement of cash flows</b>		
Total cash outflow for leases	<b>513,567</b>	<b>455,345</b>

There are no terms of renewal, purchase options or escalation clauses on the leases.

#### 16. Inventories

	2020 £	2019 £
Packaging	79,613	88,314
Goods for resale	23,877,071	16,295,319
	<b>23,956,684</b>	<b>16,383,633</b>

Inventories recognised in cost of sales as an expense during the year totalled £92,313,025 (2019: £71,400,337).

No impairment loss was recognised in cost of sales in either the current or previous year. The inventories provision at the year end totalled £nil (2019: £nil).



## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 17. Trade and other receivables

	2020 £	2019 £
Trade receivables	130,033	1,148,880
Amounts owed by related parties (note 27)	5,913,701	2,123,253
Other receivables	2,760,907	2,368,485
Prepayments and accrued income	635,659	630,851
	<u>9,440,300</u>	<u>6,271,469</u>

No provision for impairment is recognised within trade receivables (2019: £nil). The bad debt charge for the year totalled £262 (2019: £2,973).

#### 18. Trade and other payables: amounts falling due within one year

	2020 £	2019 £
Trade payables	21,667,463	16,411,172
Other taxation and social security	3,766,343	2,410,283
Other payables	876,437	604,253
Accruals and deferred income	5,070,575	2,405,270
	<u>31,380,818</u>	<u>21,830,978</u>

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 19. Leases

Minimum lease payments under finance leases fall due as follows:

	2020 £	2019 £
Within one year	532,059	513,567
Between 1-5 years	1,564,408	1,880,440
Over 5 years	1,149,597	1,365,622
	<u>3,246,064</u>	<u>3,759,629</u>

#### 20. Hire purchase contracts

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

	2020 £	2019 £
Within one year	866	13,396
Between 1-5 years	-	990
	<u>866</u>	<u>14,386</u>

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

#### 21. Financial Instruments

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	8,804,641	5,640,618
Cash and fixed term deposits	8,950,717	2,681,079
	<u>17,755,358</u>	<u>8,321,697</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(22,892,340)	(17,296,047)
Overdrafts	-	22,677
	<u>(22,892,340)</u>	<u>(17,273,370)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

#### Financial risk management

##### *Interest rate risk*

The company has no external debt, therefore any fluctuations in interest rates do not have a significant effect on the company.

##### *Credit risk*

Credit risk principally arises on trade debtors and as noted above the majority of sales are paid before despatch therefore credit risk does not have a significant effect on the company.

##### *Liquidity risk*

The company ensures that there are sufficient funds available to meet the requirements of its on-going operations. Due to the nature of the business there are very low trade debtors and the majority of sales are paid for prior to orders being despatched. The company has a significant cash balance of £9.0m at the year end therefore there is sufficient headroom.

##### *Foreign exchange risk*

The company makes a significant amount of purchases from overseas and therefore is subject to any fluctuations in the US dollar rate. The company enters into forward contracts to mitigate the foreign exchange risk. Despite the current unfavourable US dollar exchange rate the company is continuing to make significant profit margins on its products. The value of open forward contracts at the year end is not material and therefore these amounts have not been recognised.

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 22. Deferred taxation

	2020 £	2019 £
At beginning of year	21,598	52,903
Deferred tax credited to statement of comprehensive income	(9,948)	(31,305)
Adjustments in respect of prior periods	125,449	-
<b>At end of year</b>	<b>137,099</b>	<b>21,598</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	193,315	25,093
Short term timing differences - trading	(10,378)	(3,495)
Restatement of opening reserves	(45,838)	-
	<b>137,099</b>	<b>21,598</b>

#### 23. Share capital

##### Shares classified as equity

	2020 £	2019 £
Allotted, called up and fully paid		
800 (2019 - 800) ordinary shares of £1.00	800	800

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **24. Reserves**

##### **Retained earnings**

Retained earnings is the company's cumulative profits and losses, net of cumulative dividends paid and other adjustments.

#### **25. Contingent liabilities**

There is a multilateral guarantee between Victorian Plumbing Ltd and Radcliffe Property Management Limited. There were no amounts outstanding at the year end (2019: £nil).

#### **26. 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 £137,387 (2019: £106,662). Included within creditors is £54,620 of contributions payable to the fund at the balance sheet date (2019: £55,014).

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 27. Related party transactions

Radcliffe Property Management Limited is considered a related party as this is a company which has a common director and the same controlling party. At 30 September 2020, the company was owed £5,913,701 (2019: £2,123,253) by Radcliffe Property Management Limited. Transactions with Radcliffe Property Management Limited consisted of rent costs totalling £375,067 and loans totalling £4,000,000 in the year to 30 September 2020 (2019: £324,000 and £1,195,000).

The individuals who are considered key management personnel have received remuneration totalling £458,982 (2019: £261,741). This has been detailed further in the following categories:

	2020 (£)	2019 (£)
Short-term employee benefits	448,502	255,975
Post-employment benefits	<u>10,480</u>	<u>5,766</u>
Total	<u>458,982</u>	<u>261,741</u>

As detailed on the company information page, M Radcliffe is a director who served during the year. At 30 September 2020, M Radcliffe had a director's loan account with amounts owed by the company totalling £nil (2019: £48,805) which is included in other creditors. Interest has been credited on the account totalling £69,158 (2019: £26,541). Dividends totalling £6,375,000 were paid to M Radcliffe during the year (2019: £3,032,500).

As detailed on the company information page, N Radcliffe is a director who served during the year. C Radcliffe is also a shareholder during the year. At 30 September 2020, N Radcliffe and C Radcliffe had directors loan accounts totalling £nil (2019: £36,676) and £nil (2019: £8,867) respectively and are included in other creditors. Interest has been credited to the accounts during the period totalling £6,004 (2019: £5,651). Dividends totalling £365,000 and £47,500 were paid to N Radcliffe and C Radcliffe respectively (2019: £280,000 and £70,000).

M Stewart is a shareholder during the year. At 30 September 2020, there was a shareholders loan totalling £nil (2019: £17,945) included within other creditors in respect of M Stewart. Interest of £979 (2019: £1,849) has been credited to the account during the period. Dividends totalling £76,000 were paid to M Stewart (2019: £100,000).

Dividends totalling £4,200,000 were paid from Victorian Plumbing Ltd to VIPSO Ltd during the year.

#### 28. Events after the reporting period

After the year end the company entered into a consultancy agreement with a third party company that the directors consider is a material post year end commitment or contingent liability. A reliable estimate of the potential liability cannot be made.

#### 29. Controlling party

The immediate and ultimate parent undertaking and the only group to consolidate these financial statements is VIPSO Ltd. Copies of VIPSO Ltd consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is M Radcliffe, by virtue of his majority shareholding in the ultimate parent undertaking, VIPSO Ltd.

## Victorian Plumbing Ltd

### Notes to the financial statements Year ended 30 September 2020

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#### 30. First time adoption of IFRS

The company transitioned to IFRS from FRS 102 in these financial statements and the transition together with new accounting standards which took effect in the financial year have been adopted with full retrospective effect. The impact of the transition to IFRS is as follows:

##### Reconciliation of equity at 30 September 2018

	Note	£
Total equity at 30 September 2018 under FRS 102		269,467
Recognition of right-of-use assets	1	3,709,122
Recognition of lease liability	1	(3,920,676)
<b>Total equity at 30 September 2018 under IFRS</b>		<b>57,913</b>

##### Reconciliation of equity at 30 September 2019

	Note	£
Total equity at 30 September 2019 under FRS 102		4,985,881
Recognition of right-of-use assets	1	3,484,837
Recognition of lease liability	1	(3,759,627)
<b>Equity shareholders funds at 30 September 2019 under IFRS</b>		<b>4,711,091</b>

##### Reconciliation of income statement for the year ended 30 September 2019

		£
Profit for the year ended 30 September 2019 under FRS 102		8,199,716
Finance costs charged on lease liability	1	(170,378)
Recognition of lease liability	1	107,140
<b>Profit for the year ended 30 September 2019 under IFRS</b>		<b>8,136,478</b>

## **Victorian Plumbing Ltd**

### **Notes to the financial statements Year ended 30 September 2020**

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#### **30. First time adoption of IFRS (continued)**

- 1 The principal change on adoption of IFRS arises from the adoption of IFRS 16 in respect of leases.

IFRS 16 is effective for the year ended 30 September 2020. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts. Therefore, the group's operating leases under FRS 102 relating to property and operational vehicles have been brought onto the balance sheet. The lease liability has been calculated as the discounted value of remaining lease payments at the date of initial recognition, and the group has adopted the "modified retrospective" transition method whereby the initial right-of-use asset is recognised at a value equal to the lease liability at the date of transition.

Depreciation of the right-of-use asset is recognised in the income statement on a straight-line basis, with a finance cost recognised on the lease liability. This has resulted in a change to the profile of the net charge taken to the income statement over the life of the lease. Depreciation and finance costs have replaced the lease costs previously charged to the income statement, and consequently there has been an adjustment to the group result. Whilst depreciation has been recognised on a straight-line basis, IFRS 16 requires finance costs to be calculated on the effective interest rate method.