

**Registered number: 04180002**

# **VELUX Commercial Xtralite Limited**

**Annual report**

**31 December 2022**

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## **VELUX Commercial Xtralite Limited**

### **Company information**

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<b>Directors</b>	P Reid M Wieting A M F Spring P Coulson
<b>Registered number</b>	04180002
<b>Registered office</b>	Unit 7-9 Spencer Road Blyth Northumberland NE24 5TG
<b>Independent auditor</b>	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	Natwest Bank Plc 1 St. Philips Place Birmingham West Midlands B3 2PP
<b>Solicitors</b>	Hay & Kilner LLP Cloth Market Newcastle upon Tyne NE1 1EE

**VELUX Commercial Xtralite Limited**

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## **VELUX Commercial Xtralite Limited**

### **Strategic report Year ended 31 December 2022**

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#### **Principal activities**

VELUX Commercial Xtralite Limited ('Xtralite') is a manufacturer of rooflights, kerbs and large area glazing products.

#### **Business review, future developments and post balance sheet events**

Xtralite sales cover all of the UK as well as a minimal amount of sales to Europe.

Turnover in 2022 has increased by £2.1million on prior year to £12.4million, a rise of 20.8%. Recovery from Covid is still being recognised, as well the company benefits from the new product range, VELUX Modular Skylights. Additionally, Xtralite received a large order in 2021 which was mainly executed in 2022.

Gross profit margin has increased by 0.7% to 38.0% in the year. The increase in gross margin is mainly to a rise in labour productivity as a result of the increase in turnover and sold product mix.

Profit before tax is £0.7m, an increase of £1.1m on the pre-tax profit in the prior year. This rise was predominantly due to the increase in sales and the positive development in the gross margin, slightly offset by a £0.1m increase in overhead costs.

#### **Future developments**

The sales level of the first eight months in 2023 is lower than for the comparable prior year 2022. The gross margin is slightly decreased compared to last year, the overheads are on the same level as last year. The missing volume should be compensated with an improvement in project execution and cost reductions for fixed costs. It is foreseen that the company will make a positive result in 2023 and the volume outlook for the second half of the year looks positive. This will be supported by the manufacturing and distribution agreement between VELUX A/S and the company which will guarantee a level of profitability. The company has significant net assets and cash reserves which are discussed further in note 3.3

#### **Principal risks and uncertainties**

The business has no reliance on either short term or long term borrowing therefore there is no ongoing risk with regard to interest rates.

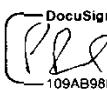
Cash flow is continuously monitored to ensure the company can meet its foreseeable debts as and when they fall due.

The company's principal assets are stock and trade debtors. The main credit risk arises from trade debtors but this is partially mitigated by customer credit insurance.

#### **Financial key performance indicators**

The financial key performance indicators for the business are turnover, gross margin, profit before tax and cash which are all summarised above.

This report was approved by the board on 28 September 2023 and signed on its behalf by:

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**P Reid**  
Director

## **VELUX Commercial Xtralite Limited**

### **Directors' report Year ended 31 December 2022**

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

#### **Results and dividends**

The profit for the year, after taxation, amounted to £710,217 (2021: loss £343,183).

The directors do not recommend the payment of a final dividend. Dividends paid during the year totalled £nil (2021: £nil).

#### **Directors**

The directors who served during the year up to the date of signing the financial statements were:

H D Lauridsen (resigned 22 April 2022)  
P Reid (appointed 22 April 2022)  
M Wieting  
N H Limbach (resigned 22 April 2022)  
A M F Spring (appointed 22 April 2022)  
P Coulson (appointed 19 May 2023)

#### **Going concern**

In assessing the prospects of the business for the purposes of going concern, the directors have considered the cashflow forecasts prepared by management for the twelve month period to 30 September 2024. In doing so, they have considered current performance, financial projections that include longer term plans, specific business risks, the uncertainties brought about by the current economic environment, and a downside sensitivity to test the robustness of assumptions made. In both the base case and downside scenarios the directors have demonstrated that the company has sufficient funds to operate for the period to 30 September 2024 without using the currently obtained, but undrawn, credit facility provided to the company by VELUX A/S.

The assessment included a review of forecast revenue, profits, cashflow and liquidity. These cashflow forecasts include a base case, which assumes a slight decrease in revenue based on the current order book and visible pipeline, as well as inflationary increases in costs but also cost savings because of decreased volume. It also includes a sensitivity, which reflects a severe but plausible downside scenario, and includes a reduction of 10% in revenue arising from potential delays of projects and new contract work, which results in a deterioration to gross margin. In making their assessment, the directors have identified potential mitigating actions that could be taken to preserve liquidity, including but not limited to, working capital management, managing production schedules, reducing or cancelling all discretionary spend, and suspending uncommitted future capital expenditure. These actions are fully within the control of management. This results in a reduction in cash generation compared to the base case, however, the directors conclude that the business is well placed to deal with this unlikely scenario.

In their consideration of a reverse stress test, the directors concluded that the level of revenue reduction that would need to be experienced for the company to require the use of the credit facility or additional financial resources, to be remote, especially when taking into consideration the licenced manufacturer and distribution agreement signed in 2022 with VELUX A/S which guarantees a minimum operating profit for the company, as a licensee, extending beyond the going concern period to 30 September 2024.

The analysis undertaken by management, combined with the actions that could be taken, allow the directors to conclude that the company will continue to be in a cash surplus position supporting the entity's ability to continue as a going concern.

After making suitable enquiries, the directors have reasonable expectation that the company has adequate resources to remain in operation for the twelve months to 30 September 2024 and have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

## **VELUX Commercial Xtralite Limited**

### **Directors' report (continued) Year ended 31 December 2022**

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#### **Qualifying third party indemnity provisions**

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

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

Future developments and financial risk management, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report, as permitted by s414C(11) of the Companies Act 2006.

#### **Disclosure of information to auditor**


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

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

#### **Auditor**

UNW LLP were appointed as auditor post year end. Pursuant to section 487(2) of the Companies Act 2006 the auditor will be deemed to be reappointed and UNW LLP therefore continue in office.

This report was approved by the board on 28 September 2023 and signed on its behalf by:

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109AB98DD3DF442.

**P Reid**  
Director

## **VELUX Commercial Xtralite Limited**

### **Directors' responsibilities statement Year ended 31 December 2022**

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

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



## **Independent auditor's report to the members of VELUX Commercial Xtralite Limited**

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### **Opinion**

We have audited the financial statements of VELUX Commercial Xtralite Limited (the 'company') for the year ended 31 December 2022, which comprise the statement of comprehensive income, the balance sheet, 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 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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**

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

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

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





## **Independent auditor's report to the members of VELUX Commercial Xtralite Limited (continued)**

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### **Other information**

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

We have nothing to report in this regard.

### **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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 VELUX Commercial Xtralite 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.


Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the management of the wider group and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with the laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance material to the 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. Full description of auditors' responsibilities?

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**Fern Rivett BA ACA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne  
28 September 2023

## VELUX Commercial Xtralite Limited

### Statement of comprehensive income Year ended 31 December 2022

		2022 £	2021 £
<b>Profit and loss account</b>			
Turnover	5	12,365,901	10,233,200
Cost of sales		(7,670,688)	(6,417,748)
<b>Gross profit</b>		<b>4,695,213</b>	<b>3,815,452</b>
Distribution costs		(708,711)	(780,463)
Administrative expenses		(3,308,419)	(3,393,012)
Other operating income		13,352	-
<b>Operating profit/(loss)</b>	6	<b>691,435</b>	<b>(358,023)</b>
Interest receivable and similar income	9	18,788	14,840
Interest payable and similar expenses	10	(6)	-
<b>Profit/(loss) before taxation</b>		<b>710,217</b>	<b>(343,183)</b>
Tax on profit/(loss)	11	-	-
<b>Profit/(loss) for the financial year</b>		<b>710,217</b>	<b>(343,183)</b>

There were no amounts recognised in other comprehensive income for 2022 or 2021.


The notes on pages 11 to 20 form part of these financial statements.

## VELUX Commercial Xtralite Limited

### Balance sheet At 31 December 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	12	573,975	579,191
<b>Current assets</b>			
Stocks	13	1,679,582	1,239,591
Debtors	14	1,800,914	3,317,401
Cash at bank and in hand		2,725,684	1,654,153
		<u>6,206,180</u>	<u>6,211,145</u>
Creditors: amounts falling due within one year	15	(1,412,395)	(2,132,793)
<b>Net current assets</b>		<u>4,793,785</u>	<u>4,078,352</u>
<b>Total assets less current liabilities</b>		<u>5,367,760</u>	<u>4,657,543</u>
<b>Net assets</b>		<u><u>5,367,760</u></u>	<u><u>4,657,543</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	1,000	1,000
Share premium account	17	119,850	119,850
Capital redemption reserve	17	250	250
Profit and loss account	17	5,246,660	4,536,443
<b>Total equity</b>		<u><u>5,367,760</u></u>	<u><u>4,657,543</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:  
28 September 2023.

DocuSigned by:  
  
 109AB98DD3DF442

**P Reid**  
Director

Company registered number: 04180002

## VELUX Commercial Xtralite Limited

### Statement of changes in equity Year ended 31 December 2022

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2021	1,000	119,850	250	4,879,626	5,000,726
Loss and total comprehensive expense for the year	-	-	-	(343,183)	(343,183)
At 1 January 2022	1,000	119,850	250	4,536,443	4,657,543
Profit and total comprehensive income for the year	-	-	-	710,217	710,217
At 31 December 2022	1,000	119,850	250	5,246,660	5,367,760

The notes on pages 11 to 20 form part of these financial statements.

## VELUX Commercial Xtralite Limited

### Notes to the financial statements Year ended 31 December 2022

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#### 1. General information

VELUX Commercial Xtralite Limited is engaged in the supply of rooflights, roof domes and skylights to specifiers, installers and users of rooflights.

The company is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is given in the company information page of this annual report.

#### 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 the 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, which is the functional currency of the company and rounded to the nearest pound.

The preparation of financial statements 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 areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### 3.2 Reduced disclosures

FRS 102 allows a qualifying entity certain disclosure exemptions. The company meets the definition of a qualifying entity and has taken advantage of the exemptions relating to disclosure of key management personnel remuneration and the preparation of a cash flow statement. The consolidated financial statements of VKR Holdings A/S include the equivalent disclosures on a consolidated basis and a consolidated cash flow statement.

## VELUX Commercial Xtralite Limited

### Notes to the financial statements Year ended 31 December 2022

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#### 3. Accounting policies (continued)

##### 3.3 Going concern

In determining the appropriate basis of preparation of the financial statements, the directors of the company are required to consider whether the company can continue in operational existence for the foreseeable future; that is for at least 12 months from the date of signing of the financial statements. The period of management's assessment is the period to 30 September 2024.

The directors have performed a robust appraisal of the company's operational and financial strength and its ability to meet its obligations as they fall due over the period to 30 September 2024. In doing so, they have reviewed current performance, financial projections and prepared sensitivities including reverse stress tests, to test the robustness of the assumptions made. The going concern assessment included a review of forecast profits, cash flows, and liquidity through the going concern period to 30 September 2024. Under all scenarios, the business had adequate liquidity headroom throughout the going concern period.

Based on the going concern assessment, the directors are satisfied that the company has sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 September 2024. Accordingly, the financial statements have been prepared on a going concern basis.

##### 3.4 Revenue

Turnover is measured at the fair value of consideration received or receivable net of Value Added Tax and trade discounts.

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

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on despatch of goods.

###### ***Long term contracts***

Turnover comprises revenue recognised in respect of services supplied under contract during the year, net of discounts and excluding Value Added Tax.

When the outcome of a construction contract can be estimated reliably, contract costs and turnover are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to the proportion that contract costs to date bear to the total estimated contract costs.

Where the outcome cannot be measured reliably, contract costs are recognised as an expense in the period in which they are incurred and contract turnover is recognised to the extent of costs incurred that it is probable will be recoverable.

When it is probable that contract costs will exceed the total contract turnover, the expected loss is recognised as an expense immediately.

##### 3.5 Operating leases

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 a basis.

## **VELUX Commercial Xtralite Limited**

### **Notes to the financial statements Year ended 31 December 2022**

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

##### **3.6 Foreign currency translation**

*Transactions in foreign currencies are translated into sterling using the spot exchange rate at the date of the transaction.*

At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses are recognised in the profit and loss account.

##### **3.7 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 plans***

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

##### **3.8 Current and deferred taxation**

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of income 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.



## VELUX Commercial Xtralite Limited

### Notes to the financial statements Year ended 31 December 2022

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#### 3. Accounting policies (continued)

##### 3.9 Tangible fixed assets

Tangible fixed 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 less their estimated residual value, over their expected useful lives as follows:

Leasehold improvements	-	20% straight line
Plant and machinery	-	5% - 10% straight line or 5% - 25% reducing balance
Fixtures and fittings	-	20% reducing balance
Motor vehicles	-	33% straight line

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.

##### 3.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition and is determined using the first-in, first-out (FIFO) method.

Provision is made as necessary for damaged, obsolete or slow-moving stock.

##### 3.11 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities, for example trade and other debtors and creditors, cash and bank balances and loans to or from related parties, including fellow group companies.

Debt instruments which on inception are due within one year are measured initially and subsequently at the transaction price. Debt instruments which on inception are due after more than one year are measured initially at the transaction price and subsequently at amortised cost using the effective interest method.

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.

## VELUX Commercial Xtralite Limited

### Notes to the financial statements Year ended 31 December 2022

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

##### **Revenue recognition - construction contract accounting**

The judgments and estimates which have the most significant effect on the amounts recognised in the financial statements relate to the application of construction contract accounting.

The amount of revenue and profit recognised in relation to contracts which are part complete at the balance sheet date is dependent on estimates of the further costs that will be required to complete the contract, and hence the overall profitability of the contract. Estimates of further costs (and potential revenue variations) are continually evaluated and updated, based on management's detailed knowledge of project status and contractual requirements.

Judgment is then required to assess the reliability of the estimates, which is affected by various factors, including the specific requirements of the contract and the stage of completion of the project. The amount of revenue recognised reflects management's judgment of these factors.

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

Estimates included within these financial statements include depreciation charges and asset impairments (for example provisions against stock and debtors). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 5. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

#### 6. Operating profit/(loss)

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

	2022 £	2021 £
Depreciation of tangible fixed assets	145,292	154,530
Operating lease rentals	231,900	264,035
Fees payable to the company's auditor	35,000	193,119

## VELUX Commercial Xtralite Limited

### Notes to the financial statements Year ended 31 December 2022

#### 7. Employees

	2022 £	2021 £
Wages and salaries	2,569,507	2,854,982
Social security costs	266,176	277,121
Cost of defined contribution scheme	74,122	93,387
	<u>2,909,805</u>	<u>3,225,490</u>

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

	2022 No.	2021 No.
Directors	1	1
Office and administration	28	24
Sales	8	9
Production	44	45
	<u>81</u>	<u>79</u>

#### 8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	129,667	285,317
Company contributions to defined contribution pension schemes	2,800	5,741
	<u>132,467</u>	<u>291,058</u>

During the year retirement benefits were accruing to 1 director (2021: 1) in respect of defined contribution pension schemes.

#### 9. Interest receivable and similar income

	2022 £	2021 £
Interest receivable from group companies	-	(722)
Other interest receivable	18,788	15,562
	<u>18,788</u>	<u>14,840</u>

## VELUX Commercial Xtralite Limited

### Notes to the financial statements Year ended 31 December 2022

#### 10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	6	-

#### 11. Taxation

	2022 £	2021 £
Total current and deferred tax	-	-

#### Factors affecting tax (credit)/charge for the year

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

	2022 £	2021 £
Profit/(loss) before tax	710,217	(343,183)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	134,941	(65,205)
Effects of:		
Expenses not deductible for tax purposes	1,619	858
Benefit of superdeduction	(3,858)	(5,128)
Deferred tax assets not recognised	(132,702)	69,475
Total tax (credit)/charge for the year	-	-

#### Factors that may affect future tax charges

In the March 2021 Budget, it was announced that the main UK corporation tax rate would remain at 19% for the financial years beginning 1 April 2021 and 1 April 2022, then increase to 25% from 1 April 2023. This rate increase was substantively enacted as part of the Finance Act 2021 on 24 May 2021. Therefore deferred tax at the balance sheet date has been calculated at 25% (2022: 25%), as this was the tax rate substantively enacted at the year end.

## VELUX Commercial Xtralite Limited

### Notes to the financial statements Year ended 31 December 2022

#### 12. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 January 2022	35,529	2,332,975	-	830,363	3,198,867
Additions	-	72,527	10,782	56,767	140,076
At 31 December 2022	35,529	2,405,502	10,782	887,130	3,338,943
<b>Depreciation</b>					
At 1 January 2022	35,529	1,922,946	-	661,201	2,619,676
Charge for the year	-	75,221	304	69,767	145,292
At 31 December 2022	35,529	1,998,167	304	730,968	2,764,968
<b>Net book value</b>					
At 31 December 2022	-	407,335	10,478	156,162	573,975
At 31 December 2021	-	410,029	-	169,162	579,191

#### 13. Stocks

	2022 £	2021 £
Raw materials and consumables	1,408,478	1,222,856
Work in progress (goods to be sold)	271,104	16,735
	<u>1,679,582</u>	<u>1,239,591</u>

Stock is stated after provisions of impairment of £nil (2021: £nil). The impairment charge for the year, included within cost of sales totalled £nil (2021: £nil).

## VELUX Commercial Xtralite Limited

### Notes to the financial statements Year ended 31 December 2022

#### 14. Debtors

	2022 £	2021 Restated £
Trade debtors	1,004,370	1,345,447
Amounts owed by group undertakings	85,088	1,250,000
Other debtors	185,544	216,284
Prepayments and accrued income	107,000	136,878
Amounts recoverable on long term contracts	418,912	368,792
	<u>1,800,914</u>	<u>3,317,401</u>

Trade debtors are stated after provisions of impairment of £nil (2021: £nil). The impairment charge for the year, included within administrative expenses totalled £nil (2021: £nil).

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

The directors believe the prior year reclassification of contract assets to amounts recoverable on long term contracts better represents the position of the company.

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

	2022 £	2021 £
Payments received on account	32,454	80,331
Trade creditors	426,358	754,542
Amounts owed to group undertakings	-	782,212
Other taxation and social security	130,277	141,193
Other creditors	-	45,621
Accruals and deferred income	823,306	328,894
	<u>1,412,395</u>	<u>2,132,793</u>

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

#### 16. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1,000 (2021:1,000) 'A' Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

# VELUX Commercial Xtralite Limited

## Notes to the financial statements Year ended 31 December 2022

### 17. Reserves

#### Share premium account

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

#### Capital redemption reserve

The capital redemption reserve is a non distributable reserve, reflecting the normal value of shares repurchased by the company.

#### Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

### 18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £74,122 (2021: £87,646). There were no contributions payable to the fund at the balance sheet date (2021: £nil).

### 19. Commitments under operating leases

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

	2022 £	2021 £
Not later than 1 year	434,782	333,004
Later than 1 year and not later than 5 years	1,043,617	1,197,833
	<u>1,478,399</u>	<u>1,530,837</u>

### 20. Controlling party

The company's ultimate parent undertaking and controlling party is VKR Holdings A/S, a company incorporated in Denmark. VKR Holdings A/S is the parent undertaking of the smallest and largest group to consolidate these financial statements and copies of its consolidated financial statements can be obtained from Erhvervs-og Selskabsstyrelsen (The Danish Commerce and Companies Agency), Kampmannsgade 1, 1780 København V.