

Company Registration No. 04507446 (England and Wales)

**OSL GROUP HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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# OSL GROUP HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D Grey MBE M Grey
<b>Secretary</b>	V Richardson
<b>Company number</b>	04507446
<b>Registered office</b>	c/o OSL Cutting Technologies Ltd Burgess Road Attercliffe Sheffield S9 3WD
<b>Auditor</b>	Hart Shaw LLP Europa Link Sheffield Business Park Sheffield S9 1XU

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# OSL GROUP HOLDINGS LIMITED

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# OSL GROUP HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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

### **Fair review of the business**

The company is the Holding Company for the following manufacturing businesses. OSL Cutting Technologies Ltd, CQR Security Ltd, Owen Springs Ltd and Scandura Ltd.

The Group's strategy is to grow these businesses by investment, sales focus and acquisition.

The Board of Directors took the decision to divest Scandura Ltd at the end of December 2020. The primary reason for this was due to overall strategic fit with the business model of the remaining portfolio of companies.

The group performed well under the circumstances as 2020 was a challenging year as a result of the economic uncertainty during the COVID-19 pandemic. Both turnover and profitability were adversely affected, however the Directors took swift action to mitigate the impact by reducing costs where possible, including use of the government's furlough scheme. The Directors are pleased with the resilience of the group to date.

Following the successful acquisition & integration of the UDCE business in 2019; this has provided an excellent platform for business growth during 2020. Our underlying business continues to perform well across all our key global markets. In April 2020, OSL Cutting Technologies Limited received the Queen's Award for Enterprise in the International Trade category; one of the most prestigious business awards in the UK.

### **Principal risks and uncertainties**

Along with many businesses, continued uncertainty concerning Brexit and corresponding risk mitigation strategies were a key business focus during, particularly, the first half of 2020. The business managed this challenge and although no major detrimental business impact resulted; top line revenue generation and customer confidence were impacted.

Looking forward to the year 2022, as I write this report, I can confirm that whilst the Covid-19 global pandemic has detrimentally impacted top line revenue, the business has taken various precautionary measures to protect working capital. Cash remains positive and the Directors are very confident that the business will deliver a profitable year.

The Group is not dependent upon any single customer or supplier. The Company trades in foreign currencies, primarily the Euro and to a lesser extent the US Dollar.

### **Key performance indicators**

Turnover decreased from £30,639,000 in 2019 to £26,561,000. Operating profit reduced from £2,007,000 in 2019 to £868,000. This was predominantly the effect of the Covid-19 global pandemic and Brexit. All of the costs have been taken to the profit and loss account and the Directors remain confident that the business will deliver excellent future profitability.

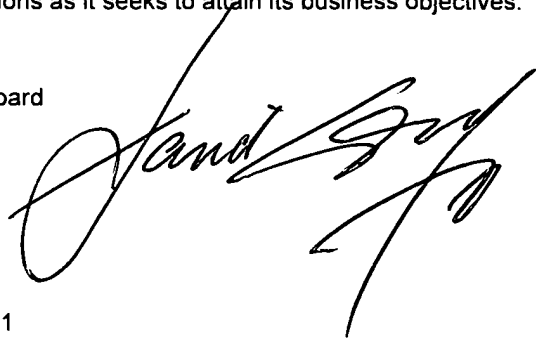
### **Other information and explanations**

The Company is aware of its impact on the environment, and in all its activities considers the environmental impact of its decisions as it seeks to attain its business objectives.

On behalf of the board

D Grey MBE  
Director

23 September 2021



# OSL GROUP HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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

#### Principal activities

The principal activity of the company and group continued to be that of manufacturing and factoring of components and services in the markets of automotive components, automotive aftermarket, heritage rail, fire, safety & security and magnetic drills.

#### Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £609,000 (2019: £355,000). The directors do not recommend the payment of a final dividend.

#### Directors

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

D Grey MBE

C C S Heaton

P G Benjamin

M Grey

(Resigned 22 April 2021)

(Resigned 31 March 2020)

#### Auditor

In accordance with the company's articles, a resolution proposing that Hart Shaw LLP be reappointed as auditor of the group will be put at a General Meeting.

#### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

# **OSL GROUP HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Statement of disclosure to auditor**

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

On behalf of the board

D Grey MBE  
Director

A handwritten signature in black ink, appearing to read 'D Grey', written over a large, faint circular watermark or background mark.

23 September 2021

# OSL GROUP HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF OSL GROUP HOLDINGS LIMITED

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#### Opinion

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

In our opinion the financial statements:

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

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

# **OSL GROUP HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF OSL GROUP HOLDINGS LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud and the audit response**

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 have assessed the overall susceptibility of the financial statements to material misstatement due to irregularities as low.



# OSL GROUP HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF OSL GROUP HOLDINGS LIMITED

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At the planning stage we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management, as required by auditing standards. The potential effect of any laws and regulation on the financial statements can vary considerably. There are laws and regulations that directly affect the financial statements (e.g. the Companies Act) as well as many other operational laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. Owing to the size, nature and complexity of the organisation and the applicable laws and regulations to which it must adhere, the risk of material misstatement was deemed to be low, therefore the procedures performed by the audit team were limited to:

- Communicating identified laws and regulations at planning throughout the audit team to remain alert to any indications of non-compliance throughout the audit.
- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

We have assessed the overall susceptibility of the financial statements to material misstatement due to fraud as low because the nature of the business does not particularly lend itself to fraud.

Management override is inherently high risk on any audit. Management override, which may cause there to be a material misstatement within the financial statements, may present itself in a number of ways, for example:

- Override of internal controls (e.g. segregation of duties)
- Entering into transactions outside the normal course of business, especially with related parties
- Fraudulent revenue recognition, including fictitious sales and sales being recorded in the wrong period
- Presenting bias in accounting judgements and estimates, particularly the ones disclosed in note 2 to the financial statements.

In order to reduce the risk of material misstatement to an acceptable level, numerous audit procedures were performed including:

- Enquiries of management as to whether they had any knowledge of any actual or suspected fraud
- Review of all material journal entries made throughout the year as well as those made to prepare the financial statements
- Reviewing the underlying rationale behind transactions in order to assess whether they were outside the normal course of business
- Increased substantive testing across all material income streams
- Assessing whether management's judgements and estimates indicated potential bias, particularly those disclosed in note 2 to the financial statements

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected material misstatements in the financial statements, even though we have performed our audit in accordance with auditing standards. Furthermore, as with all audits, there is a higher risk of irregularities (especially those relating to fraud) being undetected, as these may involve the override of internal controls, collusion, intentional omissions and misrepresentations etc. We are not responsible for preventing non-compliance or fraud and therefore cannot be expected to detect all instances of such. Our audit was not designed to identify misstatements or other irregularities that would not be considered to be material to the financial statements. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **OSL GROUP HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF OSL GROUP HOLDINGS LIMITED**

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#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Handwritten signature of Adam Shield in black ink, followed by the letters 'LLP'.

**Adam Shield (Senior Statutory Auditor)**

**For and on behalf of Hart Shaw LLP**

23 September 2021

**Chartered Accountants**

**Statutory Auditor**

Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

## OSL GROUP HOLDINGS LIMITED

### GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Continuing operations £'000	Discontinued operations £'000	31 December 2020 £'000	Continuing operations £'000	Discontinued operations £'000	31 December 2019 £'000
Turnover	3	25,137	1,424	26,561	28,994	1,645	30,639
Cost of sales		(17,355)	(1,017)	(18,372)	(19,336)	(1,150)	(20,486)
<b>Gross profit</b>		<u>7,782</u>	<u>407</u>	<u>8,189</u>	<u>9,658</u>	<u>495</u>	<u>10,153</u>
Administrative expenses		(7,415)	(445)	(7,860)	(7,829)	(466)	(8,295)
Other operating income		794	31	825	149	-	149
Exceptional item	4	(286)	-	(286)	-	-	-
<b>Operating profit</b>	5	<u>875</u>	<u>(7)</u>	<u>868</u>	<u>1,978</u>	<u>29</u>	<u>2,007</u>
Interest payable and similar expenses	9	(44)	(1)	(45)	(77)	-	(77)
<b>Profit before taxation</b>		<u>831</u>	<u>(8)</u>	<u>823</u>	<u>1,901</u>	<u>29</u>	<u>1,930</u>
Taxation	10	(180)	-	(180)	(192)	(6)	(198)
<b>Profit for the financial year</b>		<u>651</u>	<u>(8)</u>	<u>643</u>	<u>1,709</u>	<u>23</u>	<u>1,732</u>
<b>Other comprehensive income</b>							
Currency translation differences				(35)			(46)
<b>Total comprehensive income for the year</b>				<u>608</u>			<u>1,686</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

# OSL GROUP HOLDINGS LIMITED

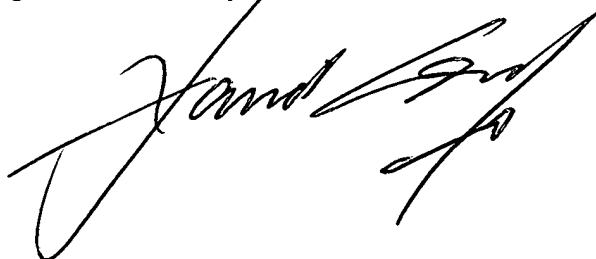
## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Goodwill	12		-		5
Negative goodwill	12		-		(87)
Net goodwill			-		(82)
Tangible assets	13		2,244		2,542
			2,244		2,460
<b>Current assets</b>					
Stocks	15	6,134		8,181	
Debtors	16	5,676		6,113	
Cash at bank and in hand		2,619		242	
		14,429		14,536	
<b>Creditors: amounts falling due within one year</b>	17	(5,088)		(6,639)	
<b>Net current assets</b>			9,341		7,897
<b>Total assets less current liabilities</b>			11,585		10,357
<b>Creditors: amounts falling due after more than one year</b>	18		(1,807)		(583)
<b>Provisions for liabilities</b>					
Deferred tax liability	21	143	(143)	138	(138)
<b>Net assets</b>			9,635		9,636
<b>Capital and reserves</b>					
Called up share capital	23		301		301
Profit and loss reserves			9,334		9,335
<b>Total equity</b>			9,635		9,636

The financial statements were approved by the board of directors and authorised for issue on 23 September 2021 and are signed on its behalf by:

D Grey MBE  
Director



# OSL GROUP HOLDINGS LIMITED

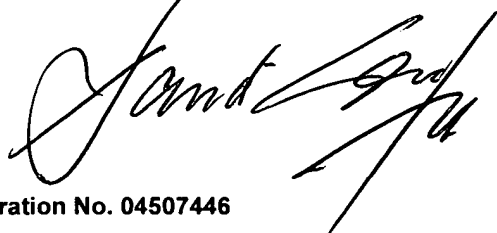
## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Tangible assets	13	906	1,036
Investments	14	2,290	2,290
		<u>3,196</u>	<u>3,326</u>
<b>Current assets</b>			
Debtors	16	1,849	1,588
Cash at bank and in hand		731	-
		<u>2,580</u>	<u>1,588</u>
<b>Creditors: amounts falling due within one year</b>	17	(515)	(1,237)
		<u></u>	<u></u>
<b>Net current assets</b>		2,065	351
<b>Total assets less current liabilities</b>		<u>5,261</u>	<u>3,677</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(1,686)	(35)
<b>Provisions for liabilities</b>	21	(8)	(18)
		<u></u>	<u></u>
<b>Net assets</b>		<u>3,567</u>	<u>3,624</u>
<b>Capital and reserves</b>			
Called up share capital	23	301	301
Profit and loss reserves		3,266	3,323
		<u></u>	<u></u>
<b>Total equity</b>		<u>3,567</u>	<u>3,624</u>

The financial statements were approved by the board of directors and authorised for issue on 23 September 2021 and are signed on its behalf by:

D Grey MBE  
Director



Company Registration No. 04507446

# OSL GROUP HOLDINGS LIMITED

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

		Share capital	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>		301	8,004	8,305
<b>Year ended 31 December 2019:</b>				
Profit for the year		-	1,732	1,732
Other comprehensive income:				
Currency translation differences		-	(46)	(46)
Total comprehensive income for the year		-	1,686	1,686
Dividends	11	-	(355)	(355)
<b>Balance at 31 December 2019</b>		301	9,335	9,636
<b>Year ended 31 December 2020:</b>				
Profit for the year		-	643	643
Other comprehensive income:				
Currency translation differences		-	(35)	(35)
Total comprehensive income for the year		-	608	608
Dividends	11	-	(609)	(609)
<b>Balance at 31 December 2020</b>		301	9,334	9,635

# OSL GROUP HOLDINGS LIMITED

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

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
<b>Balance at 1 January 2019</b>		301	3,550	3,851
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year		-	128	128
Dividends	11	-	(355)	(355)
<b>Balance at 31 December 2019</b>		301	3,323	3,624
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year		-	552	552
Dividends	11	-	(609)	(609)
<b>Balance at 31 December 2020</b>		301	3,266	3,567

# OSL GROUP HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	33		4,016		1,299
Interest paid			(45)		(77)
Income taxes paid			(245)		(407)
<b>Net cash inflow from operating activities</b>			3,726		815
<b>Investing activities</b>					
Purchase of business		-		(1,980)	
Proceeds of disposal of business		388		-	
Purchase of tangible fixed assets		(264)		(497)	
Proceeds on disposal of tangible fixed assets		4		4	
<b>Net cash generated from/(used in) investing activities</b>			128		(2,473)
<b>Financing activities</b>					
Repayment of other borrowings		-		(750)	
Proceeds of new bank loans		1,500		1,515	
Repayment of bank loans		(544)		(1,005)	
Purchase of derivatives		-		(6)	
Payment of finance leases obligations		(76)		(223)	
Dividends paid to equity shareholders		(609)		(355)	
<b>Net cash generated from/(used in) financing activities</b>			271		(824)
<b>Net increase/(decrease) in cash and cash equivalents</b>			4,125		(2,482)
Cash and cash equivalents at beginning of year			(1,477)		1,051
Effect of foreign exchange rates			(29)		(46)
<b>Cash and cash equivalents at end of year</b>			2,619		(1,477)
<b>Relating to:</b>					
Cash at bank and in hand			2,619		242
Bank overdrafts included in creditors payable within one year			-		(1,719)



# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Company information**

OSL Group Holdings Limited ("the Company") is a private company domiciled and incorporated in England and Wales and is limited by shares. The registered office is c/o OSL Cutting Technologies Ltd, Burgess Road, Attercliffe, Sheffield, S9 3WD.

The Group consists of OSL Group Holdings Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profits for the year was £552,000 (2019 - £128,000).

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.2 Business combinations

The consolidated financial statements incorporate those of OSL Group Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2020.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

#### 1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company OSL Group Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

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

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

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

#### 1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (Continued)

##### 1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### 1.7 Intangible fixed assets - goodwill

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

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

##### 1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold buildings	13% straight line
Leasehold improvements	Life of the lease
Plant and equipment	10 - 50% straight line
Fixtures and fittings	10 - 50% straight line
Motor vehicles	20 - 33% straight line

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

##### 1.9 Fixed asset investments

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

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

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

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.11 Stocks

Stocks are stated at the lower of cost or estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

#### ***Derecognition of financial liabilities***

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

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### 1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

##### 1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

###### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

###### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

##### 1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.17 Retirement benefits

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

##### 1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies (Continued)

##### 1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

##### 1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Stock provisions

The group and the company provides for stock in full when the stock levels held exceed 12 months usage.

##### Bad debt provision

The group and the company provides for bad debts at the earlier of 6 months after the due date or when confirmation is received that a customer has entered into receivership.

#### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £'000	2019 £'000
<b>Turnover</b>		
Total sales of goods	26,561	30,639
	<u>          </u>	<u>          </u>
<b>Other significant revenue</b>		
COVID grants received	794	-
Other	31	71
	<u>          </u>	<u>          </u>

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

<b>3</b>	<b>Turnover and other revenue</b>	<b>(Continued)</b>	
	<b>Turnover analysed by geographical market</b>		
		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	UK	12,308	14,319
	Europe	7,148	7,830
	Rest of world	7,105	8,490
		<u>26,561</u>	<u>30,639</u>
<b>4</b>	<b>Exceptional item</b>		
		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Expenditure</b>		
	Redundancy costs	286	-
		<u>286</u>	<u>-</u>
<b>5</b>	<b>Operating profit</b>		
		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	Operating profit for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(51)	(38)
	Research and development costs	278	305
	Government grants	(794)	-
	Depreciation of owned tangible fixed assets	608	658
	Depreciation of tangible fixed assets held under finance leases	45	82
	Profit on disposal of tangible fixed assets	(12)	(5)
	Amortisation of intangible assets	(82)	(80)
	Operating lease charges - land and buildings	541	602
	Operating lease charges - other	45	88
<b>6</b>	<b>Auditor's remuneration</b>		
		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the group and company	8	9
	Audit of the financial statements of the company's subsidiaries	37	29
		<u>45</u>	<u>38</u>



# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Employees

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

	<b>Group 2020 Number</b>	<b>2019 Number</b>	<b>Company 2020 Number</b>	<b>2019 Number</b>
Office and management	84	96	4	7
Production	130	144	-	-
<b>Total</b>	<b>214</b>	<b>240</b>	<b>4</b>	<b>7</b>

Their aggregate remuneration comprised:

	<b>Group 2020 £'000</b>	<b>2019 £'000</b>	<b>Company 2020 £'000</b>	<b>2019 £'000</b>
Wages and salaries	6,196	6,498	125	116
Social security costs	535	521	15	8
Pension costs	337	326	165	96
	<b>7,068</b>	<b>7,345</b>	<b>305</b>	<b>220</b>

### 8 Directors' remuneration

	<b>2020 £'000</b>	<b>2019 £'000</b>
Remuneration for qualifying services	79	145
Company pension contributions to defined contribution schemes	147	107
	<b>226</b>	<b>252</b>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Remuneration for qualifying services	18	18
Company pension contributions to defined contribution schemes	71	89

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Interest on bank overdrafts and loans	35	48
Interest on finance leases and hire purchase contracts	10	29
	<u>          </u>	<u>          </u>
Total finance costs	<u>45</u>	<u>77</u>

### 10 Taxation

	2020	2019
	£'000	£'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	74	187
Adjustments in respect of prior periods	98	(2)
	<u>          </u>	<u>          </u>
Total current tax	<u>172</u>	<u>185</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	8	13
	<u>          </u>	<u>          </u>
Total tax charge	<u>180</u>	<u>198</u>

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £'000	2019 £'000
Profit before taxation	823	1,930
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	156	367
Tax effect of expenses that are not deductible in determining taxable profit	17	8
Tax effect of utilisation of tax losses not previously recognised	(15)	-
Unutilised tax losses carried forward	-	5
Group relief	-	(18)
Depreciation on assets not qualifying for tax allowances	2	13
Amortisation on assets not qualifying for tax allowances	(16)	(15)
Under/(over) provided in prior years	98	(2)
Deferred tax adjustments in respect of prior years	15	(1)
Enhanced deductions for research and development	(69)	(76)
Other enhanced expenditure	(8)	(1)
Profits made on fair value adjustments to stock on acquisition	-	(82)
Taxation charge	180	198

### 11 Dividends

	2020 £'000	2019 £'000
Recognised as distributions to equity holders:		
Interim paid	609	355

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 12 Intangible fixed assets

Group	Goodwill	Negative goodwill	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2020	760	(505)	255
Disposals	(73)	-	(73)
	<u>687</u>	<u>(505)</u>	<u>182</u>
At 31 December 2020	687	(505)	182
<b>Amortisation and impairment</b>			
At 1 January 2020	755	(418)	337
Amortisation charged for the year	5	(87)	(82)
Disposals	(73)	-	(73)
	<u>687</u>	<u>(505)</u>	<u>182</u>
At 31 December 2020	687	(505)	182
<b>Carrying amount</b>			
At 31 December 2020	-	-	-
	<u>5</u>	<u>(87)</u>	<u>(82)</u>
At 31 December 2019	5	(87)	(82)

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

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 13 Tangible fixed assets

Group	Freehold buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 January 2020	952	115	5,583	1,378	156	8,184
Additions	-	10	284	103	-	397
Disposals	-	-	(124)	-	-	(124)
Disposal of subsidiary	-	-	(567)	(165)	-	(732)
At 31 December 2020	952	125	5,176	1,316	156	7,725
<b>Depreciation and impairment</b>						
At 1 January 2020	70	76	4,398	1,046	52	5,642
Depreciation charged in the year	76	8	339	186	44	653
Eliminated in respect of disposal of subsidiary	-	-	(122)	-	-	(122)
Transfers	-	-	(542)	(150)	-	(692)
At 31 December 2020	146	84	4,073	1,082	96	5,481
<b>Carrying amount</b>						
At 31 December 2020	806	41	1,103	234	60	2,244
At 31 December 2019	882	39	1,185	332	104	2,542

Company	Freehold buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	952	211	8	98	1,269
Disposals	-	(112)	-	-	(112)
At 31 December 2020	952	99	8	98	1,157
<b>Depreciation and impairment</b>					
At 1 January 2020	27	197	4	5	233
Depreciation charged in the year	82	14	1	33	130
Eliminated in respect of disposals	-	(112)	-	-	(112)
At 31 December 2020	109	99	5	38	251
<b>Carrying amount</b>					
At 31 December 2020	843	-	3	60	906
At 31 December 2019	925	14	4	93	1,036

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Plant and equipment	308	206	-	-
Fixtures and fittings	-	4	-	-
	<u>308</u>	<u>210</u>	<u>-</u>	<u>-</u>

### 14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	30	-	-	2,290,003	2,290,005

#### Fixed asset investments not carried at market value

Investments are not listed and are held at cost less impairment as their fair value cannot be reliably determined. For details of the subsidiary undertakings see note 30.

#### Movements in fixed asset investments

Company	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2020	2,290,005
Disposals	(2)
At 31 December 2020	<u>2,290,003</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>2,290,003</u>
At 31 December 2019	<u>2,290,005</u>

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 15 Stocks

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Raw materials and consumables	1,504	2,200	-	-
Work in progress	322	324	-	-
Finished goods and goods for resale	3,213	4,756	-	-
Stock in transit	1,095	901	-	-
	<u>6,134</u>	<u>8,181</u>	<u>-</u>	<u>-</u>

Cost of stocks recognised as an expense during the year were £12,588,000 (2019 - £14,239,000 ) for the group and £nil (2019 - £nil) for the company,

#### 16 Debtors

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	4,701	5,615	-	-
Corporation tax recoverable	-	13	-	-
Amounts due from fellow group undertakings	-	-	1,461	1,532
Other debtors	499	90	384	37
Prepayments and accrued income	476	395	4	19
	<u>5,676</u>	<u>6,113</u>	<u>1,849</u>	<u>1,588</u>

Included in trade debtors is an amount of £2,992,000 (2019 - £3,368,000) for the group and £nil (2019 - £nil) for the company which is subject to an invoice discounting agreement.

#### 17 Creditors: amounts falling due within one year

	Notes	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Bank loans and overdrafts	19	353	2,291	353	645
Obligations under finance leases	20	70	62	-	-
Trade creditors		2,146	2,353	1	2
Amounts owed to group undertakings		-	-	21	525
Corporation tax payable		15	97	-	-
Other taxation and social security		447	171	100	5
Other creditors		64	41	11	-
Accruals and deferred income		1,993	1,624	29	60
		<u>5,088</u>	<u>6,639</u>	<u>515</u>	<u>1,237</u>

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 17 Creditors: amounts falling due within one year

(Continued)

The obligations under finance leases are secured on the assets to which the finance relates.

Included in bank loans is the current portion of the Coronavirus business interruption loan. An unsecured loan which totals £1,500,000. This is partially guaranteed by the UK Government and has an interest rate of 1.99%. More details can be found in note 19.

#### 18 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2020	2019	2020	2019
		£'000	£'000	£'000	£'000
Bank loans and overdrafts	19	1,686	511	1,686	35
Obligations under finance leases	20	121	72	-	-
		<u>1,807</u>	<u>583</u>	<u>1,686</u>	<u>35</u>

The obligations under finance leases are secured on the assets to which the finance relates.

Included in bank loans is the none current portion of the Coronavirus business interruption loan. A none secured loan which totals £1,500,000. This is partially guaranteed by the UK Government. More details can be found in note 19.

#### 19 Loans and overdrafts

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans	2,039	1,083	2,039	558
Bank overdrafts	-	1,719	-	122
	<u>2,039</u>	<u>2,802</u>	<u>2,039</u>	<u>680</u>
Payable within one year	353	2,291	353	645
Payable within 1-2 years	412	85	412	35
Payable within 2 - 5 years	1,031	426	1,031	-
Payable after 5 years	243	-	243	-
	<u>2,039</u>	<u>2,802</u>	<u>2,039</u>	<u>680</u>



# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 19 Loans and overdrafts

(Continued)

Included in overdrafts is £nil (2019 - £1,719,000) for the group and £nil (2019 - £nil) for the company which has been advanced under invoice discounting and is secured over the debts to which the finance relates.

Included in bank loans are two loans:

- A mortgage for one of the groups trading properties, acquired as part of the acquisition in the previous year. Interest is charged on this loan at 2.5% above base rate. The loan is legally repayable by instalments until June 2022 when the remaining balance is due in full. The loan is secured on the property held by the parent company. The outstanding balance on the loan at 31 December 2020 was £539,000 (2019 - £525,000). The directors intend to reportage the property at the end of the term and therefore it has been aged this way in the above disclosure.

-An amount advanced of £1,500,000 for a Covid business interruption loan with an interest rate of 1.99%. Interest is not being charged to the company for this loan for the first 12 months. Repayments will be made in 51 equal instalments commencing in March 2021. The outstanding balance on the loan at 31 December 2020 was £1,500,000 (2019 - £nil).

In the previous year there was also a loan used for the acquisition in the year, the total amount advanced was £1,500,000. Interest was charged at 2.95% above the Bank of England base rate. The loan was repayable by instalments, with the final instalment due January 2022. However, this was paid off in full during the current year and so the balance at 31 December 2020 is £nil (2019 - £558,000)

The amounts advanced under invoice discounting facilities are secured over the debts to which the finance relates.

#### 20 Finance lease obligations

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Future minimum lease payments due under finance leases:				
Within one year	77	68	-	-
In two to five years	129	75	-	-
	<u>206</u>	<u>143</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(15)	(9)	-	-
	<u>191</u>	<u>134</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £'000	Liabilities 2019 £'000
<b>Group</b>		
Accelerated capital allowances	143	138
	<u>143</u>	<u>138</u>
	Liabilities 2020 £'000	Liabilities 2019 £'000
<b>Company</b>		
Accelerated capital allowances	8	18
	<u>8</u>	<u>18</u>
	Group 2020 £'000	Company 2020 £'000
<b>Movements in the year:</b>		
Liability at 1 January 2020	138	18
Charge to profit or loss	8	-
Transfer on group reorganisation	(3)	-
	<u>143</u>	<u>18</u>
Liability at 31 December 2020	<u>143</u>	<u>18</u>

The deferred tax liability set out above is expected to reverse within 10 years and relates to accelerated capital allowances that are expected to mature within the same period.

#### 22 Retirement benefit schemes

	2020 £'000	2019 £'000
<b>Defined contribution schemes</b>		
Charge to profit and loss in respect of defined contribution schemes	337	326
	<u>337</u>	<u>326</u>

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

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 23 Share capital

	Group and company	
	2020	2019
	£	£
<b>Allotted, issued and fully paid</b>		
Ordinary A shares of £1 each	225,000	225,000
Ordinary B shares of £1 each	700	850
Ordinary C shares of £1 each	100	100
Ordinary D shares of £1 each	74,150	74,150
Ordinary E shares of £1 each	50	50
Ordinary F shares of £1 each	850	850
50 Ordinary G shares of £1 each	50	-
50 Ordinary H shares of £1 each	50	-
50 Ordinary I shares of £1 each	50	-
	<u>301,000</u>	<u>301,000</u>

The different share classes of the company rank pari passu save as otherwise stated below:

#### Voting

The A and D shares carry a right to vote.

The B, C, E, F, G, H and I shares carry no right to vote.

#### Capital

Upon winding up all share classes rank equally with regards to the repayment of the nominal value of the shares. Following the payment of the nominal value, classes A and D shall have preferential rights to the first £5,000,000 as if they constituted one class of share. Any further amount will then be paid to the B, C, E, F, G, H, and I shareholders as if they constituted one class of share.

Upon sale or transfer drag and tag along rights exist affecting all share classes.

#### Dividends

All share classes may have a right to a dividend by ordinary resolution, subject to a maximum approved by the directors. No share classes have a preferential or fixed right to income.

Further details of the rights, preferences and restrictions attaching to the different classes of shares are available in the articles of association.

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 24 Disposals

On 23 December 2020 the group disposed of its 100% holding in Scandura Limited. Included in these financial statements are losses before tax of £8,000 up to the date of its disposal, the operations of Scandura Limited have been included as discontinued operations in the Group Statement of Comprehensive Income.

Net assets disposed of	£'000
Cash and cash equivalents	11
Property, plant and equipment	50
Trade and other receivables	357
Inventories	180
Trade and other payables	(152)
Tax liabilities	(2)
Deferred tax	(3)
	<hr/>
	441
Gain on disposal	-
	<hr/>
Total consideration	441
	<hr/>
The consideration was satisfied by:	£'000
Cash	399
Deferred consideration	42
	-
	<hr/>
	441
	<hr/>

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 25 Operating lease commitments

##### Lessee

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

##### Land and buildings

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Within one year	513	541	84	213
Between two and five years	1,202	1,017	182	565
In over five years	401	213	-	-
	<u>2,116</u>	<u>1,771</u>	<u>266</u>	<u>778</u>

##### Other

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Within one year	71	115	6	27
Between two and five years	47	86	-	10
In over five years	-	-	-	-
	<u>118</u>	<u>201</u>	<u>6</u>	<u>37</u>

#### 26 Financial commitments, guarantees and contingent liabilities

The company has given an unlimited cross guarantee in favour of Barclays in respect of bank borrowings of fellow group companies. The outstanding borrowings of these companies at 31 December 2020 were £90,000 (2019 - £2,085,000).

The company has given an unlimited guarantee over all outstanding liabilities for the companies that is has claimed the audit exemption for under s479, see note 30.

#### 27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Acquisition of tangible fixed assets	-	193	-	-
	<u>-</u>	<u>193</u>	<u>-</u>	<u>-</u>

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 28 Events after the reporting date

On 9 April 2021 OSL Group Holdings invested £400,000 in Masuku Filtration Limited in exchange for share options, which, when exercised would give it a minority shareholding in the company. Masuku Filtration Limited's principal activity and mission statement is the production and distribution of truly sustainable face masks that are more technologically advanced, comfortable and responsibly made than anything out there. The directors are optimistic about the outcome of the investment and the additional opportunities that this brings to the group.

### 29 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £'000	2019 £'000
Aggregate compensation	226	145

#### Other information

During the year, rental income of £16,000 (2019 - £37,000) and management charges of £15,000 (2019 - £84,000) were charged to companies in which some of the directors of this company have significant influence. Included in other debtors is an unsecured amount of £nil (2019 - £24,000) in respect of the above transactions.

During the year, the following transactions were entered into with The OSL Pension Fund, of which some of the directors are trustees.

Rent of £84,000 (2019 - £84,000) was paid to the pension fund.

Expenses of £nil (2019 - £1,000) were incurred on behalf of the pension fund which have subsequently been recharged to the pension fund.

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 30 Subsidiaries

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

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
British Springs Limited UK	Dormant	Ordinary	100	-
CQR Security Limited UK	Security & fire safety	Ordinary	100	-
G&J Hall Limited UK	Dormant	Ordinary	100	-
Universal Drilling & Cutting Equipment Inc USA	Distributor of Magnetic Drills	Ordinary	-	100
Neepsend Limited UK	Dormant	Ordinary	100	-
OSL Cutting Technologies Limited UK	Magnetic drills	Ordinary	100	-
Owen Springs Limited*** UK	Automotive aftermarket	Ordinary	100	-
Rotabroach Limited UK	Dormant	Ordinary	-	100
OSL Consulting Limited (formerly Scandura Seals Limited) UK	Dormant	Ordinary	100	-
Taylor and Jones Limited UK	Dormant	Ordinary	-	100
UIOH Limited UK	Dormant	Ordinary	100	-
United Industries Operations Limited UK	Dormant	Ordinary	-	100
Universal Drilling & Cutting Equipment Limited UK	Dormant	Ordinary	-	100
Universal Engineering Holdings Limited UK	Dormant	Ordinary	100	-

\*\*\* Subsidiary undertaking claimed exemption from audit under s479A Companies Act 2006

All subsidiaries have been consolidated using the acquisition method.

In the parent company, as the subsidiaries are not listed, the investments are held at cost less impairment as their fair values cannot be reliably determined.

### 31 Directors' transactions

Dividends of £609,000 (2019 - £355,000) were paid to directors of the company or their family members.

Included in other debtors is the following amounts due from a director of the company;

Description	% Rate	Opening balance £	Amounts advanced £	Closing balance £
Directors loan account	-	-	335	335
		-	335	335

# OSL GROUP HOLDINGS LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 32 Controlling party

The controlling party is D Grey MBE, who is a director and majority shareholder of OSL Group Holdings Limited.

### 33 Cash generated from operations - group

	2020 £'000	2019 £'000
Profit for the year after tax	643	1,732
<b>Adjustments for:</b>		
Taxation charged	180	198
Finance costs	45	77
Gain on disposal of tangible fixed assets	(12)	(5)
Amortisation and impairment of intangible assets	(82)	(80)
Depreciation and impairment of tangible fixed assets	653	740
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	1,867	(574)
Decrease in debtors	109	87
Increase/(decrease) in creditors	613	(876)
<b>Cash generated from operations</b>	<b>4,016</b>	<b>1,299</b>

### 34 Analysis of changes in net funds/(debt) - group

	1 January 2020 £'000	Cash flows £'000	New finance leases £'000	31 December 2020 £'000
Cash at bank and in hand	242	2,377	-	2,619
Bank overdrafts	(1,719)	1,719	-	-
	(1,477)	4,096	-	2,619
Borrowings excluding overdrafts	(1,083)	(956)	-	(2,039)
Obligations under finance leases	(134)	76	(133)	(191)
	(2,694)	3,216	(133)	389