

Company Registration No. 04507446 (England and Wales)

OSL GROUP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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OSL GROUP HOLDINGS LIMITED

COMPANY INFORMATION

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

OSL GROUP HOLDINGS LIMITED

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OSL GROUP HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The company is the Holding Company for the following manufacturing businesses, OSL Cutting Technologies Ltd, CQR Security Ltd and Owen Springs Ltd. The Group also introduced in the year a new business OSL Consulting Ltd which supplies business support services to other manufacturing businesses.

The Group's strategy is to grow these businesses by investment, sales focus and acquisition. The Group also has a strong balance sheet and underutilised financing options available for forward looking investments.

The Directors are pleased to report that all of the Group's trading businesses performed well in the year under review.

Principal risks and uncertainties

Along with many businesses, continued uncertainty concerning Covid-19 and corresponding risk mitigation strategies were a key business focus during, particularly, the first half of 2021.

Looking forward to the year 2022, as I write this report, I can confirm that whilst the Covid-19 global pandemic and resulting supply chain issues has detrimentally impacted our overall profitability aspirations; the business has taken various precautionary measures to protect working capital and also invest in capital equipment to stimulate overall growth. 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 both Euro and US Exposure; currency fluctuation is managed centrally within the group.

Key performance indicators

Turnover increased from £26,561,000 in 2020 to £29,518,000, operating profit increased from £868,000 in 2020 to £1,960,000. All the costs associated with the Covid-19 pandemic have been taken to the profit and loss account and the Directors remain confident that the business will continue to deliver strong underlying 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

8 June 2022



OSL GROUP HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

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 £518,000 (2020: £609,000). 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 Heaton

M Grey

(Resigned 22 April 2021)

Future developments

On 4 March 2021, the company acquired 100% of the share capital of a new subsidiary, Securefast Limited for consideration of £2,600,000.

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 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



8 June 2022

OSL GROUP HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OSL GROUP HOLDINGS LIMITED

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 2021 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 2021 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

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

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

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.

Hart Shaw LLP

Adam Shield (Senior Statutory Auditor)
For and on behalf of Hart Shaw LLP

8 June 2022

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 2021

	Notes	Continuing operations £'000	Discontinued operations £'000	31 December 2021 £'000	Continuing operations £'000	Discontinued operations £'000	31 December 2020 £'000
Turnover	3						
Cost of sales		29,518 (19,588)	-	29,518 (19,588)	25,137 (17,355)	1,424 (1,017)	25,561 (13,372)
Gross profit		<u>9,930</u>	<u>-</u>	<u>9,930</u>	<u>7,782</u>	<u>407</u>	<u>3,189</u>
Administrative expenses		(7,794)	-	(7,794)	(7,415)	(445)	(7,860)
Other operating income		22	-	22	794	31	825
Exceptional items	4	(198)	-	(198)	(286)	-	(286)
Operating profit	5	<u>1,960</u>	<u>-</u>	<u>1,960</u>	<u>875</u>	<u>(7)</u>	<u>868</u>
Interest payable and similar expenses	9	(36)	-	(36)	(44)	(1)	(45)
Amounts written off investments	12	(426)	-	(426)	-	-	-
Profit on sale of freehold property		217	-	217	-	-	-
Profit before taxation		<u>1,715</u>	<u>-</u>	<u>1,715</u>	<u>831</u>	<u>(8)</u>	<u>823</u>
Taxation	10	(323)	-	(323)	(180)	-	(180)
Profit for the financial year		<u>1,392</u>	<u>-</u>	<u>1,392</u>	<u>651</u>	<u>(8)</u>	<u>643</u>
Other comprehensive income							
Currency translation differences				25			(35)
Total comprehensive income for the year		<u>1,392</u>	<u>-</u>	<u>1,417</u>	<u>651</u>	<u>(8)</u>	<u>608</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 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		1,262		2,244
Current assets					
Stocks	16	7,562		6,134	
Debtors	17	6,791		5,676	
Cash at bank and in hand		885		2,619	
		15,238		14,429	
Creditors: amounts falling due within one year	18	(5,266)		(5,088)	
Net current assets			9,972		9,341
Total assets less current liabilities			11,234		11,585
Creditors: amounts falling due after more than one year	19		(655)		(1,807)
Provisions for liabilities					
Deferred tax liability	22	120	(120)	143	(143)
Net assets			10,459		9,635
Capital and reserves					
Called up share capital	24		301		301
Profit and loss reserves			10,158		9,334
Total equity			10,459		9,635

The financial statements were approved by the board of directors and authorised for issue on 8 June 2022 and are signed on its behalf by:

D Grey MBE
Director



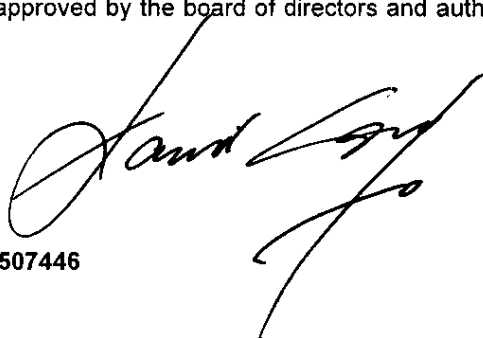
OSL GROUP HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000	2020 £'000
Fixed assets				
Tangible assets	14		55	906
Investments	15		2,290	2,290
			<u>2,345</u>	<u>3,196</u>
Current assets				
Debtors	17	2,267	1,849	
Cash at bank and in hand		-	731	
		<u>2,267</u>	<u>2,580</u>	
Creditors: amounts falling due within one year	18	(377)	(515)	
Net current assets			<u>1,890</u>	<u>2,065</u>
Total assets less current liabilities			<u>4,235</u>	<u>5,261</u>
Creditors: amounts falling due after more than one year	19		(587)	(1,686)
Provisions for liabilities	22		(2)	(8)
Net assets			<u>3,646</u>	<u>3,567</u>
Capital and reserves				
Called up share capital	24		301	301
Profit and loss reserves			3,345	3,266
Total equity			<u>3,646</u>	<u>3,567</u>

The financial statements were approved by the board of directors and authorised for issue on 8 June 2022 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 2021

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2020		301	9,335	9,636
Year ended 31 December 2020:				
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)
Balance at 31 December 2020		301	9,334	9,635
Year ended 31 December 2021:				
Profit for the year		-	1,392	1,392
Other comprehensive income:				
Currency translation differences		-	25	25
Total comprehensive income for the year		-	1,417	1,417
Dividends	11	-	(518)	(518)
Own shares acquired		-	(75)	(75)
Balance at 31 December 2021		301	10,158	10,459

OSL GROUP HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2020		301	3,323	3,624
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	552	552
Dividends	11	-	(609)	(609)
Balance at 31 December 2020		301	3,266	3,567
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	672	672
Dividends	11	-	(518)	(518)
Own shares acquired		-	(75)	(75)
Balance at 31 December 2021		301	3,345	3,646

OSL GROUP HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	33	(114)	4,016
Interest paid		(36)	(45)
Income taxes paid		(101)	(245)
Net cash (outflow)/inflow from operating activities		(251)	3,726
Investing activities			
Proceeds of disposal of business		-	388
Purchase of tangible fixed assets		(314)	(264)
Proceeds on disposal of tangible fixed assets		961	4
Purchase of investments		(426)	-
Net cash generated from investing activities		221	128
Financing activities			
Purchase of own shares		(75)	-
Proceeds from bank loans		-	1,500
Repayment of bank loans		(1,229)	(544)
Payment of finance leases obligations		(70)	(76)
Dividends paid to equity shareholders		(518)	(609)
Net cash (used in)/generated from financing activities		(1,892)	271
Net (decrease)/increase in cash and cash equivalents		(1,922)	4,125
Cash and cash equivalents at beginning of year		2,619	(1,477)
Effect of foreign exchange rates		25	(29)
Cash and cash equivalents at end of year		722	2,619
Relating to:			
Cash at bank and in hand		885	2,619
Bank overdrafts included in creditors payable within one year		(163)	-

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 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 £672,000 (2020 - £552,000).

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 2021.

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.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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 2021. 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.

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.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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	2 - 6% 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.

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.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty (Continued)

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 provides for stock in full when the stock levels held exceed 12 months usage. Actual outcomes could vary significantly from these estimates.

Labour overhead absorption

The group uses various labour and overhead absorption rates when calculating the standard cost for stock. The calculation is based on historical experiences and management estimates/assumptions. Actual outcomes could vary significantly from these estimates.

3 Turnover and other revenue

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

	2021 £'000	2020 £'000
Turnover analysed by class of business		
Total sales of goods	29,518	26,561
	<u>29,518</u>	<u>26,561</u>
	2021 £'000	2020 £'000
Turnover analysed by geographical market		
UK	14,141	12,308
Europe	7,260	7,148
Rest of world	8,117	7,105
	<u>29,518</u>	<u>26,561</u>
	2021 £'000	2020 £'000
Other significant revenue		
Grants received	22	794
Other	-	31
	<u>22</u>	<u>825</u>

4 Exceptional items

	2021 £'000	2020 £'000
Expenditure		
Closure of the Netherlands branch	198	-
Redundancy costs	-	286
	<u>198</u>	<u>286</u>

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Operating profit

	2021 £'000	2020 £'000
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	(126)	(51)
Research and development costs	270	278
Government grants	(22)	(794)
Depreciation of owned tangible fixed assets	515	608
Depreciation of tangible fixed assets held under finance leases	38	45
Profit on disposal of tangible fixed assets	(1)	(12)
Amortisation of intangible assets	-	(82)
Operating lease charges - land and buildings	472	541
Operating lease charges - other	65	45
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	9	8
Audit of the financial statements of the company's subsidiaries	36	31
	<u> </u>	<u> </u>
	45	39
	<u> </u>	<u> </u>

7 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Office and management	72	84	4	4
Production	106	130	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	178	214	4	4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Wages and salaries	6,107	6,196	116	125
Social security costs	517	535	9	15
Pension costs	216	337	10	165
	<u>6,840</u>	<u>7,068</u>	<u>135</u>	<u>305</u>

8 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	40	79
Company pension contributions to defined contribution schemes	4	147
	<u>44</u>	<u>226</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 2).

9 Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest on bank overdrafts and loans	29	35
Interest on finance leases and hire purchase contracts	7	10
Total finance costs	<u>36</u>	<u>45</u>

10 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the current period	331	74
Adjustments in respect of prior periods	15	98
Total current tax	<u>346</u>	<u>172</u>

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

(Continued)

	2021 £'000	2020 £'000
Deferred tax		
Origination and reversal of timing differences	(23)	8
	<u> </u>	<u> </u>
Total tax charge	323	180
	<u> </u>	<u> </u>

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:

	2021 £'000	2020 £'000
Profit before taxation	1,715	823
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	326	156
Tax effect of expenses that are not deductible in determining taxable profit	92	17
Gains not taxable	(41)	-
Tax effect of utilisation of tax losses not previously recognised	-	(15)
Permanent capital allowances in excess of depreciation	(9)	-
Depreciation on assets not qualifying for tax allowances	15	2
Amortisation on assets not qualifying for tax allowances	-	(16)
Under/(over) provided in prior years	15	98
Deferred tax adjustments in respect of prior years	(14)	15
Enhanced deductions for research and development	(61)	(69)
Other enhanced expenditure	-	(8)
	<u> </u>	<u> </u>
Taxation charge	323	180
	<u> </u>	<u> </u>

11 Dividends

	2021 £'000	2020 £'000
Recognised as distributions to equity holders:		
Interim paid	518	609
	<u> </u>	<u> </u>

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £'000	2020 £'000
In respect of:			
Fixed asset investments	15	426	-
		<u>426</u>	<u>-</u>
Recognised in:			
Amounts written off investments		426	-
		<u>426</u>	<u>-</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

13 Intangible fixed assets

Group	Goodwill £'000	Negative goodwill £'000	Total £'000
Cost			
At 1 January 2021 and 31 December 2021	687	(505)	182
	<u>687</u>	<u>(505)</u>	<u>182</u>
Amortisation and impairment			
At 1 January 2021 and 31 December 2021	687	(505)	182
	<u>687</u>	<u>(505)</u>	<u>182</u>
Carrying amount			
At 31 December 2021	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2020	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Tangible fixed assets

Group	Freehold buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2021	952	125	5,176	1,316	156	7,725
Additions	-	63	112	105	34	314
Disposals	(952)	-	(2)	-	(5)	(959)
At 31 December 2021	-	188	5,286	1,421	185	7,080
Depreciation and impairment						
At 1 January 2021	146	84	4,073	1,082	96	5,481
Depreciation charged in the year	63	8	286	155	41	553
Eliminated in respect of disposals	(209)	-	(2)	-	(5)	(216)
At 31 December 2021	-	92	4,357	1,237	132	5,818
Carrying amount						
At 31 December 2021	-	96	929	184	53	1,262
At 31 December 2020	806	41	1,103	234	60	2,244
Company						
	Freehold buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000	
Cost						
At 1 January 2021	952	99	8	98	1,157	
Additions	-	-	-	34	34	
Disposals	(952)	-	-	-	(952)	
At 31 December 2021	-	99	8	132	239	
Depreciation and impairment						
At 1 January 2021	109	99	5	38	251	
Depreciation charged in the year	68	-	1	41	110	
Eliminated in respect of disposals	(177)	-	-	-	(177)	
At 31 December 2021	-	99	6	79	184	
Carrying amount						
At 31 December 2021	-	-	2	53	55	
At 31 December 2020	843	-	3	60	906	

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 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 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Plant and equipment	197	308	-	-

15 Fixed asset investments

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Investments in subsidiaries	30	-	-	2,290	2,290

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

Group	Investments £'000
Cost or valuation	
At 1 January 2021	-
Additions	426
At 31 December 2021	426
Impairment	
At 1 January 2021	-
Impairment losses	426
At 31 December 2021	426
Carrying amount	
At 31 December 2021	-
At 31 December 2020	-

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

15 Fixed asset investments

(Continued)

Movements in fixed asset investments			
Company	Shares in subsidiaries	Other investments	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 January 2021	2,290	-	2,290
Additions	-	426	426
At 31 December 2021	2,290	426	2,716
Impairment			
At 1 January 2021	-	-	-
Impairment losses	-	426	426
At 31 December 2021	-	426	426
Carrying amount			
At 31 December 2021	2,290	-	2,290
At 31 December 2020	2,290	-	2,290

During the year, the company and group made a none controlling investment in another entity. After the year end the investee had to cease manufacturing and product sales after it was unable to secure further funding. The investment still contains some intellectual property and solutions are being considered to realise value from the investment, although at this stage no formal business plan has been made available. On this basis, it is currently uncertain if any realisable value will be recovered from the investment and therefore the investment has been fully impaired at the year end. The impairment will be reviewed should there be any indication of a change in its value.

16 Stocks

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,696	1,504	-	-
Work in progress	374	322	-	-
Finished goods and goods for resale	4,210	3,213	-	-
Goods in transit	1,282	1,095	-	-
	7,562	6,134	-	-

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	5,915	4,701	9	-
Amounts due from fellow group undertakings	-	-	1,825	1,461
Other debtors	362	499	333	384
Prepayments and accrued income	414	476	-	4
	<u>6,691</u>	<u>5,676</u>	<u>2,167</u>	<u>1,849</u>
Amounts falling due after one year:				
Other debtors	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total debtors	<u>6,791</u>	<u>5,676</u>	<u>2,267</u>	<u>1,849</u>

Included in trade debtors is an amount of £3,562,000 (2020 - £2,992,000) for the group and £nil (2020 - £nil) for the company which is subject to an invoice discounting agreement.

18 Creditors: amounts falling due within one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	20	386	353	285	353
Obligations under finance leases	21	53	70	-	-
Trade creditors		2,318	2,146	2	1
Amounts owed to group undertakings		-	-	15	21
Corporation tax payable		260	15	-	-
Other taxation and social security		366	447	6	100
Other creditors		50	64	11	11
Accruals and deferred income		1,833	1,993	58	29
		<u>5,266</u>	<u>5,088</u>	<u>377</u>	<u>515</u>

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. This is partially guaranteed by the UK Government. More details can be found in note 20.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Bank loans and overdrafts	20	587	1,686	587	1,686
Obligations under finance leases	21	68	121	-	-
		<u>655</u>	<u>1,807</u>	<u>587</u>	<u>1,686</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. This is partially guaranteed by the UK Government. More details can be found in note 20.

20 Loans and overdrafts

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Bank loans	810	2,039	810	2,039
Bank overdrafts	163	-	62	-
	<u>973</u>	<u>2,039</u>	<u>872</u>	<u>2,039</u>
Payable within one year	385	353	385	353
Payable within 1-2 years	224	412	224	412
Payable within 2 - 5 years	364	1,031	364	1,031
Payable after 5 years	-	243	-	243
	<u></u>	<u></u>	<u></u>	<u></u>

Included in bank overdrafts is £163,000 (2020 - £nil) for the group and £nil (2020 - £nil) for the company which has been advanced under an invoice discounting arrangement and is secured over the debts to which the finance relates.

Included in bank loans is an amount advanced of £811,000 (2020 - £1,500,000). This loan was a Covid business interruption loan with an original amount advanced of £1,500,000 and with an interest rate of 1.99% above the base rate. Repayments were to be made in 50 equal instalments commencing in March 2021. A one off lump sum of £465,000 was paid in the period, this has reduced the value of the remaining repayments but has not altered the term of the loan.

The Covid business interruption loan and overdrafts are secured by a fixed and floating charge over all assets of both the company and the group.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Finance lease obligations

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Future minimum lease payments due under finance leases:				
Within one year	58	77	-	-
In two to five years	71	129	-	-
	<u>129</u>	<u>206</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(8)	(15)	-	-
	<u>121</u>	<u>191</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.

22 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 2021 £'000	Liabilities 2020 £'000
Group		
Accelerated capital allowances	128	143
Unrealised group profits	(8)	-
	<u>120</u>	<u>143</u>
	Liabilities 2021 £'000	Liabilities 2020 £'000
Company		
Accelerated capital allowances	2	8
	<u>2</u>	<u>8</u>

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Deferred taxation

(Continued)

	Group 2021 £'000	Company 2021 £'000
Movements in the year:		
Liability at 1 January 2021	143	8
Credit to profit or loss	(23)	(6)
Liability at 31 December 2021	<u>120</u>	<u>2</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.

23 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>216</u>	<u>337</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 2021

24 Share capital

	Group and company	
	2021	2020
Allotted, issued and fully paid	£	£
Ordinary A shares of £1 each	225,000	225,000
Ordinary B shares of £1 each	700	700
Ordinary C shares of £1 each	-	100
Ordinary D shares of £1 each	74,150	74,150
Ordinary E shares of £1 each	-	50
Ordinary F shares of £1 each	850	850
Ordinary G shares of £1 each	50	50
Ordinary H shares of £1 each	50	50
Ordinary I shares of £1 each	50	50
	<u>300,850</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 A, B, C, D, 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 2021

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 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Within one year	448	513	-	84
Between two and five years	1,286	1,202	-	182
In over five years	577	401	-	-
	<u>2,311</u>	<u>2,116</u>	<u>-</u>	<u>266</u>

Other

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Within one year	54	71	11	6
Between two and five years	65	47	17	-
In over five years	-	-	-	-
	<u>119</u>	<u>118</u>	<u>28</u>	<u>6</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 2021 were £1,191,000 (2020 - £90,000).

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 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Acquisition of tangible fixed assets	<u>275</u>	<u>-</u>	<u>-</u>	<u>-</u>

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

28 Events after the reporting date

On 4 March 2021, the company acquired 100% of the share capital of a new subsidiary, Securefast Limited for consideration of £2,600,000.

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £'000	2020 £'000
Aggregate compensation	44	226

Transactions with related parties

Other information

During the year the group entered into the following related party transactions.

Received rental income of £nil (2020 - £16,000) and management charges of £nil (2020 - £15,000) were charged to companies in which some of the directors of this company have significant influence.

Purchased goods for £21,000 (2021 - £9,000) from an entity under common control.

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

Rent of £170,000 (2020 - £220,000) was paid to the pension fund.

Fixed assets were sold at a market value of £960,000 (2020 - £nil) to the pension fund.

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

30 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 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	Fire safety and security	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	UK	Business support services	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 £518,000 (2020 - £609,000) were paid to directors of the company or their family members.

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

Description	% Rate	Opening balance £'000	Amounts repaid £'000	Closing balance £'000
Directors loan account	-	335	(335)	-
		<u>335</u>	<u>(335)</u>	<u>-</u>

OSL GROUP HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

32 Controlling party

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

33 Cash (absorbed by)/generated from operations - group

	2021 £'000	2020 £'000
Profit for the year after tax	1,392	643
Adjustments for:		
Taxation charged	323	180
Finance costs	36	45
Gain on disposal of tangible fixed assets	(218)	(12)
Amortisation and impairment of intangible assets	-	(82)
Depreciation and impairment of tangible fixed assets	553	653
Other gains and losses	426	-
Movements in working capital:		
(Increase)/decrease in stocks	(1,428)	1,867
(Increase)/decrease in debtors	(1,115)	247
(Decrease)/increase in creditors	(83)	475
Cash (absorbed by)/generated from operations	(114)	4,016

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

	1 January 2021 £'000	Cash flows £'000	Exchange rate movements £'000	31 December 2021 £'000
Cash at bank and in hand	2,619	(1,759)	25	885
Bank overdrafts	-	(163)	-	(163)
	2,619	(1,922)	25	722
Borrowings excluding overdrafts	(2,039)	1,229	-	(810)
Obligations under finance leases	(191)	70	-	(121)
	389	(623)	25	(209)