

COMPANY REGISTRATION NUMBER: 11347705

**AVSL Group (Holdings) Limited and Subsidiaries**

**Financial Statements**

**31 December 2021**

# **AVSL Group (Holdings) Limited and Subsidiaries**

## **Financial Statements**

**Year ended 31 December 2021**

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# **AVSL Group (Holdings) Limited and Subsidiaries**

## **Strategic Report**

**Year ended 31 December 2021**

### **Business review**

The principal activity of the company during the year was that of a holding company. The principal activity of the group was that of importers and wholesale distributors of consumer electronics. Despite adverse trading conditions there has been a significant increase of 11.4% in the group's turnover from the previous year, and another substantial increase in the gross profit margin from 33.6% to 39.9% in the current year. Net overhead costs have decreased by 10.6% and the net result has seen an increase of pre-tax profits from £675,007 in 2020 to £2,422,634 in the current year. After corporation tax and dividends paid, group net assets have increased by 23.4% to £7,193,251. The directors are of the opinion that the group is in a good financial position to meet the future demands and needs of its customers as well as controlling its overheads in the year ahead.

### **Financial risk management objectives and policies**

a) Interest rate risk: the group borrows at both fixed and floating rates of interest. The policy of the group is that the Board will continue to monitor this position to ensure that the interest rate risk is appropriate to the group's business. b) Liquidity and cash flow risk: the objective of the group is to maintain a balance between continuity of funding and flexibility by the use of fixed loans, bank overdrafts and invoice discounting. c) Foreign currency risk: the objective of the group is to minimise the exposure to exchange rate movements through the use of forward contracts and letters of credit. d) Future risks and uncertainties: Covid-19 has had a material impact on the Group in the current year. As our customers were forced to close, we also followed suit temporarily. Once they reopened, trade has resumed to pre Covid-19 levels fairly swiftly, indications are positive for the future.

This report was approved by the board of directors on 2 September 2022 and signed on behalf of the board by:

B. Kelly

Director

Registered office:

Unit 2, Bridgewater Park

Taylor Road

Trafford Park

Manchester

M41 7JQ

# **AVSL Group (Holdings) Limited and Subsidiaries**

## **Directors' Report**

### **Year ended 31 December 2021**

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

#### **Directors**

The directors who served the company during the year were as follows:

B. Kelly

C. Kelly

#### **Dividends**

Particulars of recommended dividends are detailed in note 14 to the financial statements.

#### **Disclosure of information in the strategic report**

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 the group has chosen to include the strategic report information as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The information in this report covers the Business Review and Financial Risk Management and Objectives.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 the company and 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 judgments and accounting estimates that are reasonable and prudent; - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and - they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

This report was approved by the board of directors on 2 September 2022 and signed on behalf of the board by:

B. Kelly

Director

Registered office:

Unit 2, Bridgewater Park

Taylor Road

Trafford Park

Manchester

M41 7JQ

# **AVSL Group (Holdings) Limited and Subsidiaries**

## **Independent Auditor's Report to the Members of AVSL Group (Holdings) Limited and Subsidiaries**

**Year ended 31 December 2021**

### **Opinion**

We have audited the financial statements of AVSL Group (Holdings) Limited and Subsidiaries (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended; - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; - 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Conclusions relating to going concern**

We draw attention to the note to the financial statements, which discusses the Directors assessment of the impact of the Covid-19 pandemic and the global economic crisis as a result of the war in Ukraine on the Group. As stated in the note these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the 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 or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: - adequate accounting records have not been kept 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 group's and 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 group or the parent 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. 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:

- Enquiries with management, about any known or suspected instances of non-compliance with laws and regulations and fraud.
- Auditing the risk of management of override controls, including through testing journal entries and other adjustments for appropriateness.
- Challenging assumptions and judgments made by management in their significant accounting estimates, in particular in relation to provisions and future performance in light of the impact of COVID-19. Because of the field in which the client operates, we identified that employment law, health and safety legislation and compliance with the UK Companies Act are most likely to have a material impact on the financial statements. Owing to the inherent limitations of an audit, there's an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK). For instance, the further removed non-compliances are from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance. As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. 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.

Andrew Wadsworth FCCA

(Senior Statutory Auditor)

For and on behalf of

Edwards Veeder (UK) Limited

Chartered accountants & statutory auditor

4 Broadgate

Broadway Business Park

Chadderton

Oldham

OL9 9XA

2 September 2022

# AVSL Group (Holdings) Limited and Subsidiaries

## Consolidated Statement of Income and Retained Earnings

Year ended 31 December 2021

		2021	2020
	Note	£	£
<b>Turnover</b>	<b>4</b>	14,487,930	13,006,601
Cost of sales		8,711,831	8,639,707
		-----	-----
<b>Gross profit</b>		5,776,099	4,366,894
Distribution costs		427,248	433,960
Administrative expenses		2,980,342	3,378,432
Other operating income	<b>5</b>	119,895	318,026
		-----	-----
<b>Operating profit</b>	<b>6</b>	2,488,404	872,528
Income from shares in group undertakings	<b>10</b>	—	( 111,328)
Other interest receivable and similar income	<b>11</b>	—	149
Interest payable and similar expenses	<b>12</b>	65,770	86,342
		-----	-----
<b>Profit before taxation</b>		2,422,634	675,007
Tax on profit	<b>13</b>	503,529	188,273
		-----	-----
<b>Profit for the financial year and total comprehensive income</b>		1,919,105	486,734
		-----	-----
Dividends paid and payable	<b>14</b>	( 555,750)	( 175,000)
<b>Retained earnings at the start of the year</b>		429,896	118,162
		-----	-----
<b>Retained earnings at the end of the year</b>		1,793,251	429,896
		-----	-----

All the activities of the group are from continuing operations.

# **AVSL Group (Holdings) Limited and Subsidiaries**

## **Company Statement of Income and Retained Earnings**

**Year ended 31 December 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Profit for the financial year and total comprehensive income		555,943	175,002
Dividends paid and payable	<b>14</b>	( 555,750)	( 175,000)
<b>Retained earnings at the start of the year</b>		612	610
<b>Retained earnings at the end of the year</b>		805	612

# AVSL Group (Holdings) Limited and Subsidiaries

## Consolidated Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	15	3,256,980	3,454,321
Tangible assets	16	140,175	236,759
		3,397,155	3,691,080
<b>Current assets</b>			
Stocks	18	4,161,876	3,466,991
Debtors	19	2,434,807	2,037,784
Cash at bank and in hand		940,592	489,697
		7,537,275	5,994,472
<b>Creditors: amounts falling due within one year</b>	21	3,735,564	3,200,865
<b>Net current assets</b>		3,801,711	2,793,607
<b>Total assets less current liabilities</b>		7,198,866	6,484,687
<b>Creditors: amounts falling due after more than one year</b>	22	–	647,527
<b>Provisions</b>	24	5,615	7,264
<b>Net assets</b>		7,193,251	5,829,896
<b>Capital and reserves</b>			
Called up share capital	28	100	100
Share premium account	29	5,399,900	5,399,900
Profit and loss account	29	1,793,251	429,896
<b>Shareholders funds</b>		7,193,251	5,829,896

These financial statements were approved by the board of directors and authorised for issue on 2 September 2022, and are signed on behalf of the board by:

B. Kelly

Director

Company registration number: 11347705

# AVSL Group (Holdings) Limited and Subsidiaries

## Company Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	17	7,557,229	7,557,229
<b>Current assets</b>			
Cash at bank and in hand		140	—
<b>Creditors: amounts falling due within one year</b>	21	2,156,564	1,572,590
<b>Net current liabilities</b>		2,156,424	1,572,590
<b>Total assets less current liabilities</b>		5,400,805	5,984,639
<b>Creditors: amounts falling due after more than one year</b>	22	—	584,027
<b>Net assets</b>		5,400,805	5,400,612
<b>Capital and reserves</b>			
Called up share capital	28	100	100
Share premium account	29	5,399,900	5,399,900
Profit and loss account	29	805	612
<b>Shareholders funds</b>		5,400,805	5,400,612

The profit for the financial year of the parent company was £ 555,943 (2020: £ 175,002 ).

These financial statements were approved by the board of directors and authorised for issue on 2 September 2022 , and are signed on behalf of the board by:

B. Kelly

Director

Company registration number: 11347705

# AVSL Group (Holdings) Limited and Subsidiaries

## Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		1,919,105	486,734
<i>Adjustments for:</i>			
Depreciation of tangible assets		42,796	62,428
Amortisation of intangible assets		197,341	197,341
Government grant income		( 119,895)	( 318,026)
Income from shares in group undertakings		–	111,328
Other interest receivable and similar income		–	( 149)
Interest payable and similar expenses		65,770	86,342
Loss/(gains) on disposal of tangible assets		14,231	( 2,443)
Tax on profit		503,529	188,273
Accrued income		( 115,731)	( 193,681)
<i>Changes in:</i>			
Stocks		( 694,885)	1,433,779
Trade and other debtors		( 397,023)	972,995
Trade and other creditors		243,154	( 2,565,890)
Cash generated from operations		1,658,392	459,031
Interest paid		( 65,770)	( 86,342)
Interest received		–	149
Tax paid		( 195,235)	( 33,631)
Net cash from operating activities		1,397,387	339,207
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		( 24,295)	( 12,324)
Proceeds from sale of tangible assets		63,852	37,114
Net cash from investing activities		39,557	24,790
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		( 427,953)	( 245,684)
Government grant income		119,895	318,026
Payments of finance lease liabilities		( 69,969)	( 45,167)
Dividends paid		( 555,750)	( 175,000)
Net cash used in financing activities		( 933,777)	( 147,825)
<b>Net increase in cash and cash equivalents</b>		503,167	216,172
<b>Cash and cash equivalents at beginning of year</b>		(1,274,450)	(1,490,622)
<b>Cash and cash equivalents at end of year</b>	<b>20</b>	( 771,283)	( 1,274,450)

# **AVSL Group (Holdings) Limited and Subsidiaries**

## **Notes to the Financial Statements**

### **Year ended 31 December 2021**

#### **1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 2, Bridgewater Park, Taylor Road, Trafford Park, Manchester, M41 7JQ.

#### **2. Statement of compliance**

These financial statements have been prepared in accordance with the provisions of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'. There were no material departures from that standard.

#### **3. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

##### **Going concern**

The Directors have considered the impact of Covid -19 and the and the global economic crisis as a result of the war in Ukraine on the group's trade, workforce and supply chain, as well as the wider economy. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the Directors are confident that they have in place plans to deal with any financial losses that may arise. Such plans include, but are not limited to fully utilising the support that has been made available by the government in relation to staff cost, payment deferral of taxes and loan funding. The Directors do however recognise that significant uncertainty exists surrounding the duration and impact of Covid-19 and the global economic crisis as a result of the war in Ukraine, and hence there is inherent risk regarding the success and sustainability of these plans. The risk represents a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, however the Directors have concluded that the Group remains a going concern whilst such viable options are available to it. The Directors therefore continue to adopt the going concern basis of preparation for these financial statements.

##### **Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102: (a) No cash flow statement has been presented for the company.

**Consolidation**

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes. The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant judgements There are no judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements. Key sources of estimation uncertainty Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows: The value and estimated useful life of goodwill on acquisition carried in the accounts. At 31 December 2021 this had a net book value of £3,256,980.

**Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable from the import and wholesale distribution of consumer electronics, stated net of discounts and of exclusive of Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

**Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.



Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### **Goodwill**

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business. Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Over useful life
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

## **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	15% reducing balance
Improvements		
Warehouse Equipment	-	20% reducing balance
Motor Vehicles	-	25% reducing balance
Office Fixtures and Equipment	-	25 % reducing balance

## **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

## **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

**Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

**Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model and the performance model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset. Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

**Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

## Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment. Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

## 4. Turnover

Turnover arises from:

	2021	2020
	£	£
Sale of goods	14,487,930	13,006,601
	-----	-----

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	12,010,772	10,521,070
Overseas	2,477,158	2,485,531
	<u>14,487,930</u>	<u>13,006,601</u>

#### 5. Other operating income

	2021	2020
	£	£
Government grant income	119,895	318,026
	<u>119,895</u>	<u>318,026</u>

#### 6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	197,341	197,341
Depreciation of tangible assets	42,796	62,428
Loss/(gains) on disposal of tangible assets	14,231	( 2,443)
Impairment of trade debtors	6,707	4,702
Operating lease costs - property	270,564	399,950
Operating lease costs - other	102,826	113,600
	<u>634,465</u>	<u>778,064</u>

#### 7. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	22,050	21,000
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	12,432	16,376
	<u>34,482</u>	<u>37,376</u>

#### 8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Distribution staff	12	15
Administrative staff	27	29
Management staff	6	6
	<u>45</u>	<u>50</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	1,433,257	1,693,749
Social security costs	151,676	173,612
Other pension costs	62,442	56,501
	<u>1,647,375</u>	<u>1,923,862</u>

## 9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	159,571	171,960

The number of directors who accrued benefits under company pension plans was as follows:

	2021	2020
	No.	No.
Defined contribution plans	2	2

## 10. Income from shares in group undertakings

	2021	2020
	£	£
(Gain)/loss on disposal of shares in group	—	(111,328)

## 11. Other interest receivable and similar income

	2021	2020
	£	£
Interest on cash and cash equivalents	—	149

## 12. Interest payable and similar expenses

	2021	2020
	£	£
Interest on banks loans and overdrafts	60,362	78,259
Interest on obligations under finance leases and hire purchase contracts	5,408	7,605
Other interest payable and similar charges	—	478
	65,770	86,342

## 13. Tax on profit

### Major components of tax income

	2021	2020
	£	£
<b>Current tax:</b>		
UK current tax income	505,178	201,125
Adjustments in respect of prior periods	—	( 38)
Total current tax	505,178	201,087
<b>Deferred tax:</b>		
Origination and reversal of timing differences	( 1,649)	( 12,814)
<b>Tax on profit</b>	503,529	188,273

## Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19 % (2020: 19 %).

	2021	2020
	£	£
Profit on ordinary activities before taxation	2,422,634	675,007
Profit on ordinary activities by rate of tax	460,301	128,252
Adjustment to tax charge in respect of prior periods	—	( 38)
Effect of expenses not deductible for tax purposes	824	28,692
Effect of capital allowances and depreciation	6,748	6,876
Deferred tax	(1,649)	(12,814)
Goodwill	37,305	37,305
Tax on profit	503,529	188,273

## 14. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2021	2020
	£	£
Dividends on ordinary class A equity shares	500,000	175,000
Dividends on equity shares relating to line 2 in the shares issued page of cdb	55,750	—
	555,750	175,000

## 15. Intangible assets

### Group

### Goodwill

£

### Cost

At 1 January 2021 and 31 December 2021	3,931,312
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### Amortisation

At 1 January 2021	476,991
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Charge for the year	197,341
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At 31 December 2021	674,332
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### Carrying amount

At 31 December 2021	3,256,980
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At 31 December 2020	3,454,321
---------------------	-----------

The company has no intangible assets.

## 16. Tangible assets

Group	Long leasehold property £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>					
At 1 January 2021	59,010	100,479	80,791	109,334	349,614
Additions	—	2,634	—	21,661	24,295
Disposals	—	—	( 72,774)	( 24,932)	( 97,706)
	-----	-----	-----	-----	-----
<b>At 31 December 2021</b>	<b>59,010</b>	<b>103,113</b>	<b>8,017</b>	<b>106,063</b>	<b>276,203</b>
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
At 1 January 2021	15,072	34,089	11,454	52,240	112,855
Charge for the year	4,394	13,453	1,127	23,822	42,796
Disposals	—	—	( 7,947)	( 11,676)	( 19,623)
	-----	-----	-----	-----	-----
<b>At 31 December 2021</b>	<b>19,466</b>	<b>47,542</b>	<b>4,634</b>	<b>64,386</b>	<b>136,028</b>
	-----	-----	-----	-----	-----
<b>Carrying amount</b>					
<b>At 31 December 2021</b>	<b>39,544</b>	<b>55,571</b>	<b>3,383</b>	<b>41,677</b>	<b>140,175</b>
	-----	-----	-----	-----	-----
At 31 December 2020	43,938	66,390	69,337	57,094	236,759
	-----	-----	-----	-----	-----

The company has no tangible assets.

### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Motor vehicles £
<b>At 31 December 2021</b>	<b>—</b>
	-----
At 31 December 2020	64,828
	-----

## 17. Investments

The group has no investments.

Company	Shares in group undertakings £
<b>Cost</b>	
<b>At 1 January 2021 and 31 December 2021</b>	<b>7,557,229</b>
	-----
<b>Impairment</b>	
<b>At 1 January 2021 and 31 December 2021</b>	<b>—</b>
	-----
<b>Carrying amount</b>	
<b>At 1 January 2021 and 31 December 2021</b>	<b>7,557,229</b>
	-----
At 31 December 2020	7,557,229
	-----



## Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
AVSL Group Limited	Ordinary	100
AVSL (HK) Ltd	Ordinary	100
AVSL Asia Ltd	Ordinary	100
Mercury Telecraft Distribution Limited	Ordinary	100
AVSL Hong Kong Limited	Ordinary	100

All the subsidiaries are registered in England and Wales, except for AVSL Hong Kong Limited which is registered in Hong Kong.

The registered office of all subsidiaries registered in England and Wales is:

Unit 2, Bridgewater Park

Taylor Road

Trafford Park

Manchester

M41 7JQ

AVSL Group Limited is an importer and wholesale distributor of consumer electronics.

All other subsidiary companies are dormant.

## 18. Stocks

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	£	£	£	£
Raw materials and consumables	4,161,876	3,466,991	—	—
	-----	-----	---	---

## 19. Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	£	£	£	£
Trade debtors	2,200,304	1,867,150	—	—
Prepayments and accrued income	169,382	139,115	—	—
Directors loan account	—	31,398	—	—
Other debtors	65,121	121	—	—
	-----	-----	---	---
	2,434,807	2,037,784	—	—
	-----	-----	---	---

## 20. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	<b>2021</b>	2020
	£	£
Cash at bank and in hand	940,592	489,697
Bank overdrafts	( 1,711,875)	( 1,764,147)
	-----	-----
	( 771,283)	( 1,274,450)
	-----	-----

**21. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	2,155,087	2,259,147	443,212	495,000
Trade creditors	402,387	493,278	—	—
Amounts owed to group undertakings	—	—	1,713,352	1,077,590
Accruals and deferred income	458,567	574,298	—	—
Corporation tax	511,068	201,125	—	—
Social security and other taxes	108,524	46,882	—	—
Obligations under finance leases and hire purchase contracts	—	6,469	—	—
Director loan accounts	207,862	—	—	—
Invoice discounting loan	(278,924)	(429,340)	—	—
Other creditors	170,993	49,006	—	—
	<u>3,735,564</u>	<u>3,200,865</u>	<u>2,156,564</u>	<u>1,572,590</u>

The following liabilities disclosed under creditors falling due within one year are secured:

**Group**

Bank loans and overdrafts - £2,155,087 (2020: £2,259,147)

Obligations under finance leases and hire purchase contracts - £nil (2020: £6,4698)

Invoice discounting loan - (£278,924) (2020: (£429,340))

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the group.

The obligations under finance leases and hire purchase contracts are secured by a charge over the assets acquired under those agreements.

The invoice discounting loan is secured by a charge over trade debtors.

**Company**

Bank loans and overdrafts - £443,212 (2020: £495,000)

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company and group.

**22. Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	—	584,027	—	584,027
Obligations under finance leases and hire purchase contracts	—	63,500	—	—
	<u>—</u>	<u>647,527</u>	<u>—</u>	<u>584,027</u>

The following liabilities disclosed under creditors falling due after more than one year are secured: Group Bank loans and overdrafts - £584,027 (2020: £584,027) Obligations under finance leases and hire purchase contracts - £nil (2020: £63,500) The bank loan and overdraft are secured by a fixed and floating charge over the assets of the group. The hire purchase agreements are secured by a charge on the assets acquired under those agreements. Company Bank loans and overdrafts - £584,027 (2020: £584,027) The bank loan and overdraft are secured by a fixed and floating charge over the assets of the company and group.

### 23. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than 1 year	—	12,358	—	—
Later than 1 year and not later than 5 years	—	68,898	—	—
	—	81,256	—	—
Less: future finance charges	—	( 11,287)	—	—
Present value of minimum lease payments	—	69,969	—	—

### 24. Provisions

<b>Group</b>	<b>Deferred tax (note 25)</b>
	<b>£</b>
At 1 January 2021	7,264
Charge against provision	( 1,649)
<b>At 31 December 2021</b>	<b>5,615</b>

The company does not have any provisions.

### 25. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Included in provisions (note 24)	5,615	7,264	—	—

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	5,615	7,264	—	—

## 26. Employee benefits

### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £ 62,442 (2020: £ 56,501 ).

## 27. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Recognised in other operating income:				
Government grants recognised directly in income	119,895	318,026	—	—

## 28. Called up share capital

### Issued, called up and fully paid

	<b>2021</b>		<b>2020</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary class A shares of £ 0.01 each	10,000	100	10,000	100
Ordinary Class B shares of £ 0.01 each	1	—	—	—
	10,001	100	10,000	100

During the year, the company issued 1 £0.01 Ordinary B share at par. This share has no voting rights or any right to share of net assets, but has rights to receive dividends.

## 29. Reserves

*Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs. Profit and loss account - This reserve records retained earnings and accumulated losses.*

### 30. Analysis of changes in net debt

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£	£	£
Cash at bank and in hand	489,697	450,895	940,592
Bank overdrafts	(1,764,147)	52,272	(1,711,875)
Debt due within one year	(501,469)	(149,605)	(651,074)
Debt due after one year	(647,527)	647,527	—
	( 2,423,446)	1,001,089	( 1,422,357)

### 31. Disposals

During the previous year Envirotek Solutions Group Limited, Omega Product Services Ltd and Prima Lux Lighting Solutions Limited were dissolved. This resulted in a £nil (2020: £111,328) loss for the group.

### 32. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Not later than 1 year	455,031	541,503	—	—
Later than 1 year and not later than 5 years	1,254,079	1,865,128	—	—
Later than 5 years	670,500	1,096,750	—	—
	2,379,610	3,503,381	—	—

### 33. Other financial commitments

Group At 31 December 2021 the group had forward exchange contracts amounting to £193,592 (2020: £1,108,509). Company At 31 December 2021 the company had £nil (2020: £nil) other financial commitments.

### 34. Contingencies

Group a) Counter Indemnity re guarantee in favour of HM Customs & Excise for £23,400 (2020: £23,400). b) Counter Indemnity re guarantee in favour of Damco Sea & Air for \$7,772 (2020: \$7,772). Company a) Unlimited multilateral guarantee dated 1 August 2018 in favour of AVSL Group Limited.

# AVSL Group (Holdings) Limited and Subsidiaries

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2021

#### 35. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

		<b>2021</b>	
	Balance brought forward	Amounts repaid	Balance outstanding
	£	£	£
B. Kelly	31,398	( 239,259)	( 207,861)
	-----	-----	-----
		<b>2020</b>	
	Balance brought forward	Amounts repaid	Balance outstanding
	£	£	£
B. Kelly	123,311	( 91,913)	31,398
	-----	-----	-----

#### 36. Related party transactions

##### Group

During the year £346,050 (2020: £121,117) dividends were paid to the directors. During the year a Porsche Cayman was sold to B Kelly at market value.

##### Company

During the year £346,050 (2020: £121,117) dividends were paid to the directors. During the year the company received dividend income of £575,250 (2020: £205,000) from AVSL Group Limited.

#### 37. Controlling party

B. Kelly has had overall control of the company and group throughout the current and prior year. B. Kelly is the managing director and a shareholder of the company.

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