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Registered number: 00537156

**Velan Valves Limited**

**Annual Financial Statements**

**For the year ended 29 February 2020**

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# **Velan Valves Limited**

## **Company Information**

### **Directors**

J D Ball  
S Wingerath  
W Maar (Resigned 16 December 2019)  
M Fernandes (Appointed 16 December 2019)

### **Secretary**

Apex Trust Corporate Limited

### **Registered Number**

00537156

### **Registered office**

6<sup>th</sup> Floor  
125 Wood Street  
London  
EC2V 7AN

### **Independent auditors**

UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

# **Velan Valves Limited**

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# **Velan Valves Limited**

## **Directors' report**

### **For the year ended 29 February 2020**

The Directors present their report and the audited financial statements of the Company for the year ended 29 February 2020.

#### **Directors**

The Directors who held office during the year and up to the date of signing the financial statements are shown below:

J D Ball  
S Wingerath  
W Maar (resigned 16 December 2019)  
M Fernandes (appointed 16 December 2019)

#### **Principal activities**

In early 2017 the Company began the process of winding down the manufacturing operations, and as at the year end the Company continues only as a financial holding company and sales support company for other entities of the Velan Group.

#### **Business review, dividends and future developments**

The profit for the financial year of £7,291,660 (2019: £11,379,208) was due to a number of factors including income from shares in group undertakings of £7,208,943 (2019: £11,464,391). During the year dividends of £7,208,943 were paid (2019: £11,464,391).

#### **Going Concern**

The Company ceased trade from 31 August 2016. The Company subsequently focused on collection and payment of any outstanding trade receivables and trade payables balances respectively. The Company has adequate resources to continue in existence for the foreseeable future and therefore the directors believe that preparing the financial statements on the going concern basis is appropriate.

#### **Disclosure of information to auditors**

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Auditors**

UHY Hacker Young were appointed as auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

# **Velan Valves Limited**

## **Directors' report**

**For the year ended 29 February 2020**

### **Small companies exemption**

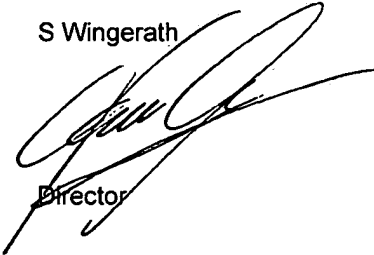
The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime provided by section 415A of the Companies Act 2006.

### **Subsequent events**

As of the date these financial statements were issued, the COVID-19 pandemic continues to rapidly evolve. To date, our financials have not been materially impacted, while the COVID-19 path and impact is still emergent and highly dynamic.

Approved by the Board of Directors and signed on behalf of the Board

S Wingerath

A handwritten signature in black ink, appearing to be 'S Wingerath', written over the printed name.

Director

16 June 2020

# **Velan Valves Limited**

## **Statement of Directors' Responsibilities**

**For the year ended 29 February 2020**

**Velan Valves Limited**

### **Statement of Directors' responsibilities for the year ended 29 February 2020**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. 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, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue on 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.

Approved by the Board of Directors and signed on behalf of the Board

S Wingerath



Director

16 June 2020

# **Velan Valves Limited**

## **Independent auditor's report to the members of Velan Valves Limited**

### **Opinion**

We have audited the financial statements of Velan Valves Limited (the 'company') for the year ended 29 February 2020 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, 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 company's affairs as at 29 February 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

# **Velan Valves Limited**

## **Independent auditor's report to the members of Velan Valves 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

### **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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **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.

**Martin Jones (Senior Statutory Auditor)**  
**for and on behalf of UHY Hacker Young**

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**Chartered Accountants**  
**Statutory Auditor**



# Velan Valves Limited

## Statement of comprehensive income

For the year ended 29 February 2020

	Notes	2020 £	2019 £
Administrative expenses		(28,453)	(133,411)
<b>Operating loss</b>	5	<b>(28,452)</b>	<b>(133,411)</b>
Income from shares in group undertakings	6	7,208,943	11,464,391
Interest receivable and similar income	9	65,592	54,575
Foreign exchange (loss)		45,578	(6,347)
<b>Profit on ordinary activities before taxation</b>		<b>7,291,660</b>	<b>11,379,208</b>
Tax on profit on ordinary activities	10	-	-
<b>Profit for the financial year</b>		<b>7,291,660</b>	<b>11,379,208</b>
<b>Other comprehensive income:</b>			
Re-measurements of net defined benefit scheme asset:			
Actuarial gain on pension scheme	16	(108,000)	435,000
<b>Other comprehensive (loss) income for the year, net of tax</b>		<b>(108,000)</b>	<b>435,000</b>
<b>Total comprehensive income for the year</b>		<b>7,183,660</b>	<b>11,814,208</b>

# Velan Valves Limited

## Statement of financial position

As at 29 February 2020

		2020	2019
Non-current assets	Notes	£	£
Investments	12	4,431,891	4,431,891
Non current receivables	13	2,824,132	1,713,224
		<u>7,256,023</u>	<u>6,145,115</u>
<b>Current assets</b>			
Trade and other receivables	13	46,233	35,123
Cash at bank and in hand		595,615	1,617,994
		<u>641,848</u>	<u>1,653,117</u>
<b>Total assets</b>		<u><b>7,897,871</b></u>	<u><b>7,798,232</b></u>
Trade and other payables	14	(12,320)	(9,901)
<b>Net current assets</b>		<u><b>629,528</b></u>	<u><b>1,643,216</b></u>
<b>Total assets less current liabilities</b>		<u><b>7,885,551</b></u>	<u><b>7,788,331</b></u>
Post-employment benefits	16	61,000	172,000
<b>Net assets</b>		<u><b>7,946,551</b></u>	<u><b>7,960,331</b></u>
Capital and reserves			
Called up share capital	15	537,083	537,083
Retained earnings		7,409,468	7,423,248
<b>Total equity</b>		<u><b>7,946,551</b></u>	<u><b>7,960,331</b></u>

The accounting policies and the notes on pages 11 to 22 form part of these financial statements.

Approved by the Board of Directors and signed on behalf of the Board

S Wingerath

Director

16 June 2020

# Velan Valves Limited

## Statement of changes in equity

For the year ended 29 February 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>Balance at 1 March 2018</b>	<b>537,083</b>	<b>7,073,431</b>	<b>7,610,514</b>
Profit for the financial year	-	11,379,208	11,379,208
Other comprehensive income for the year	-	435,000	435,000
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>11,814,208</b>	<b>11,814,208</b>
Dividends	-	(11,464,391)	(11,464,391)
Capital reduction	-	-	-
<b>Balance at 28 February 2019</b>	<b>537,083</b>	<b>7,423,248</b>	<b>7,960,331</b>
Profit for the financial year	-	7,291,660	7,668,735
Other comprehensive income for the year	-	(108,000)	(108,000)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>7,183,660</b>	<b>7,572,237</b>
Dividends	-	(7,197,440)	(7,197,440)
<b>Balance at 29 February 2020</b>	<b>537,083</b>	<b>7,409,468</b>	<b>7,946,551</b>

The accounting policies and the notes on pages 11 to 22 form part of these financial statements.

# **Velan Valves Limited**

## **Notes to the financial statements**

**For the year ended 29 February 2020**

### **1 General information**

Velan Valves Limited ('the Company') was previously involved with the activity of the manufacture and distribution of valves. Due to a challenging environment over the past two years, and significant financial operating losses, the Directors have decided to end the operations in the UK and transfer the manufacture of stream traps to a related Company in India. The Company will remain as an investment holding company and sales support company.

The Company is a private company limited by shares incorporated in England and Wales. The address of its registered office is 6<sup>th</sup> Floor, 65 Gresham Street, London, EC2V 7NQ.

### **2 Statement of compliance**

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. Exemptions under FRS 102 paragraph 1.12 have been applied: in relation to presentation of a cash flow statement, related party transactions, certain financial instrument disclosures and the non-disclosure of key management personnel compensation.

#### **Cash flow statement**

The Company is a wholly owned subsidiary Company of a group headed by Velan Inc., and is included in the consolidated financial statements of that Company, which are publicly available via the Company's website [www.velan.com](http://www.velan.com). Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 1.12(b).

#### **Related party transactions**

The Company has taken advantage of the exemption granted under FRS 102 paragraph 1.12 (e) to not disclose transactions with other group companies where they are wholly owned by a common parent entity.

# **Velan Valves Limited**

## **Notes to the financial statements**

**For the year ended 29 February 2020**

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

#### **Consolidation**

The Company has taken advantage of Section 401 of the Companies Act 2006 which exempts the Company from preparing consolidated financial statements on the grounds that the consolidated financial statements are prepared by the ultimate parent company, Velan Inc, in a manner equivalent to the EC Seventh Directive and are made available to the public.

#### **Investments**

Shares in subsidiaries are held at cost less provision for impairment.

#### **Foreign currencies**

The Company's functional and presentation currency is the pound sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the statement of financial position date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income account.

#### **Taxation**

Taxation expense for the year comprises current and deferred tax recognised in the reporting period.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income account.

#### **Share capital**

Ordinary shares are classified as equity.

# **Velan Valves Limited**

## **Notes to the financial statements**

**For the year ended 29 February 2020**

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

#### **Distributions to equity holders**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

#### **Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

The Company operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

#### **Pension costs**

The Company operates both defined benefit and defined contribution pension schemes. The defined benefit scheme is administered by trustees and is independent of the Company finances. For the defined benefit scheme the fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

The fair value of plan assets is measured in accordance with the FRS 102 paragraph 28. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan.

Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

Any defined benefit scheme surplus is recognised as a defined benefit plan asset only to the extent that the Company is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Contributions to the Company's defined contribution pension schemes are charged to the statement of comprehensive income account in the year in which they become payable. The assets of the defined contribution scheme are held separately from those of the Company in a separately administered fund.

# **Velan Valves Limited**

## **Notes to the financial statements**

**For the year ended 29 February 2020**

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

#### **Impairment of non-financial assets**

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

#### **Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and amounts due from group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at market rates of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **Financial liabilities**

Basic financial liabilities, including trade and other payables and loans from group undertakings 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.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest.

# Velan Valves Limited

## Notes to the financial statements

For the year ended 29 February 2020

### 4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

### 5 Operating loss

The loss is stated after charging:

	2020	2019
	£	£
Impairment of trade receivables		-
Auditor's remuneration – audit	7,000	7,000

### 6 Income from shares in group undertakings

	2020	2019
	£	£
Dividends received	7,208,943	11,464,391

### 7 Directors' remuneration

The Directors did not receive any remuneration for services provided to the Company (2019: £nil). The emoluments of the Directors are paid by other companies within the group, which make no recharge to the Company.

None of the Directors participate in either the defined benefit pension scheme or the defined contribution pension plan (2019: none).

Only the Directors are considered to be key management of the Company.

### 8 Employees

The average number of employees during the year was 2 (2019: 2).



# Velan Valves Limited

## Notes to the financial statements

For the year ended 29 February 2020

### 9 Interest receivable and similar income

	2020	2019
	£	£
Bank interest	2,535	1,545
Interest on intercompany loan	63,057	53,030
	<u>65,592</u>	<u>54,575</u>

### 10 Tax on profit on ordinary activities

	2020	2019
	£	£
<b>Current tax:</b>		
UK Corporation tax on profits for the year	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
Pension cost relief in excess of pension cost charge	-	-
Total deferred tax	-	-
<b>Tax on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

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

	2020	2019
	£	£
Profit on ordinary activities before tax	7,291,660	11,379,208
Profit on ordinary activities multiplied by standard rate in the UK 19% (2019: 19%)	1,385,415	2,162,049
Effects of:		
Net gains that are not taxable	(1,369,699)	(2,178,234)
Deferred tax not recognised	(15,716)	16,185
Expenses not deductible	-	-
Adjustments in respect of prior years	-	-
<b>Tax charge for the year</b>	<u>-</u>	<u>-</u>

# Velan Valves Limited

## Notes to the financial statements

For the year ended 29 February 2020

### 11 Dividends paid

	2020	2019
	£	£
Final paid £14.10 (2019: £21.35) per share	<u>7,197,440</u>	<u>11,464,391</u>

### 12 Investments

	Subsidiaries
	£
At 1 March 2019 and at 29 February 2020	<u>4,431,891</u>

Investments include:

	Country of Incorporation	Share Capital	Reserves	% owned	Principal activity
Velan SAS	France	€ 2,205,000	€ 50,934,128	100%	Valve manufacturer
Velan GmbH	Germany	€ 960,000	€ 5,140,280	52.07%	Valve distributor
Segault S.A.	France	€ 2,000,000	€ 15,885,662	75%	Valve manufacturer

The Directors consider the value of the investments to be supported by their underlying assets. Income from fixed asset investments during the year was £7,197,440 (2019: £11,464,391).

### 13 Trade and other receivables

	2020	2019
	£	£
Amounts owed by group undertakings	26,298	19,976
Prepayments and accrued income	15,840	14,593
Other receivables	4,095	554
	<u>46,233</u>	<u>35,123</u>
Receivables greater than one year	<u>2,824,132</u>	<u>1,713,224</u>

Trade receivables are stated after provisions for impairment of £Nil (2019: £Nil).

Receivables greater than one year is an intercompany Euro denominated loan which is repayable on 20 April 2023. Interest on this amount is charged at 3% per annum. The remaining amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

# **Velan Valves Limited**

## **Notes to the financial statements**

**For the year ended 29 February 2020**

### **14 Trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade payables	5,100	1,385
Amounts owed to group undertakings	-	-
Other taxation and social security	-	-
Accruals and other payables	7,220	8,516
	<b>12,320</b>	<b>9,901</b>

### **15 Share capital**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Authorised – 1,680,000 (2019: 1,680,000) shares of £1 each	1,680,000	1,680,000
Allotted and fully paid — 537,083 (2019: 537,083) shares of £1 each	537,083	537,083

### **16 Post-employment benefits**

The Company sponsors Velan Superannuation and Life Assurance Scheme, a funded defined benefit pension scheme in the UK. The scheme is set up on a tax relieved basis as a separate trust independent of the Company and is supervised by independent trustees. The Trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

The Trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions must be best estimates.

A formal actuarial valuation was carried out as at 30 June 2017. The results of that valuation have been projected to 28 February 2019 with allowance for accrual to that date and using the assumptions set out below. The next formal actuarial valuation of the Scheme will be as at 30 June 2020. The figures in the following disclosure were measured using the Projected Unit Method.

# Velan Valves Limited

## Notes to the financial statements

For the year ended 29 February 2020

### 16 Post-employment benefits (continued)

The amounts recognised in the statement of financial position are as follows:

	2020	2019
	£	£
Defined benefit obligation	(4,774,000)	(4,166,000)
Fair value of plan assets	4,835,000	4,338,000
Net defined benefit asset/(liability)	61,000	172,000
Restriction on asset recognised	-	-
Net amount recognised at year end (before any adjustment for deferred tax)	<u>61,000</u>	<u>172,000</u>

The amounts recognised in comprehensive income are:

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in profit or loss. Re-measurements of the net defined benefit liability are included in other comprehensive income.

	2020	2019
	£	£
Service cost:		
Current service cost (net of employee contributions)	-	7,000
Administration expenses	8,000	6,000
Loss on curtailments and settlements	-	82,000
Net interest expense/(credit)	(5,000)	6,000
Charge recognised in profit or loss	<u>3,000</u>	<u>101,000</u>
Remeasurements of the net liability:		
Return on scheme assets (excluding amount included in net interest expense)	(575,000)	(739,000)
Actuarial (gains)/losses	683,000	304,000
Restriction on surplus	-	-
(Credit) / charge recorded in other comprehensive income	<u>108,000</u>	<u>(435,000)</u>
Total defined benefit (credit) / cost	<u>111,000</u>	<u>(334,000)</u>

# **Velan Valves Limited**

## **Notes to the financial statements**

**For the year ended 29 February 2020**

### **16 Post-employment benefits (continued)**

**The principal actuarial assumptions used were:**

	<b>2020</b>	<b>2019</b>
Liability discount rate	1.75%	2.95%
Inflation assumption - RPI	2.85%	3.20%
Inflation assumption - CPI	2.15%	2.20%
Rate of increase in salaries	0.00%	0.00%
Revaluation of deferred pensions: benefits accrued in excess of the Guaranteed Minimum Pension (GMP)	2.15%	2.20%
Increases for pensions in payment:		
Pension accrued for service from 6 April 1997	2.80%	2.80%
GMP accrued for service from 6 April 1988	1.75%	1.70%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	0.00%	0.00%
Expected age at death of current pensioner at age 65:		
Male aged 65 at year end:	87.9	87.8
Female aged 65 at year end:	90.2	90.2
Expected age at death of future pensioner at age 65:		
Male aged 45 at year end:	89.2	89.2
Female aged 45 at year end:	91.7	91.6

# Velan Valves Limited

## Notes to the financial statements

For the year ended 29 February 2020

### 16 Post-employment benefits (continued)

#### Reconciliation of scheme assets and liabilities

	Assets	Liabilities	Total
	£	£	£
At start of period	4,338,000	(4,166,000)	172,000
Benefits paid	(195,000)	195,000	-
Administration expenses	(8,000)	-	(8,000)
Current service cost	-	-	-
Contributions from employer	-	-	-
Contributions from employees	-	-	-
Interest income / (expense)	125,000	(120,000)	5,000
Return on assets (excluding amount included in net interest expense)	575,000	-	575,000
Actuarial gains/(losses)	-	(683,000)	(683,000)
Loss/(gain) on plan introductions and charges	-	-	-
Loss/(gain) on curtailments and settlements	-	-	-
Assets distributed / liabilities extinguished on settlements	-	-	-
Assets acquired / liabilities assumed in a business combination	-	-	-
	-	-	-
At end of period	<b>4,835,000</b>	<b>(4,774,000)</b>	<b>61,000</b>

#### The return on plan assets was:

	2020	2019
	£	£
Interest income	125,000	100,000
Return on plan assets (excluding amount included in net interest expense)	575,000	739,000
	<b>700,000</b>	<b>839,000</b>
Total return on plan assets	<b>700,000</b>	<b>839,000</b>

# **Velan Valves Limited**

## **Notes to the financial statements**

**For the year ended 29 February 2020**

### **16 Post-employment benefits (continued)**

**The major categories of scheme assets are as follows:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
UK Equities	248,000	196,000
Overseas Equities	411,000	351,000
Corporates	533,000	493,000
Gilts	-	-
Index Linked	-	-
Property	206,000	198,000
Insured Annuities	3,403,000	3,084,000
Cash	34,000	16,000
Total market value of assets	<b>4,835,000</b>	<b>4,338,000</b>

The Scheme has no investments in the Company or in property occupied by the Company.

### **17 Related party transactions**

	<b>Velan GmbH</b>	<b>Velan Luxembourg</b>
	<b>£</b>	<b>£</b>
<b>Statement of comprehensive income</b>		
Administrative expenses	-	-
Interest receivable and similar income	-	63,057
<b>Statement of financial position</b>		
Non current receivables	-	2,824,132
Trade and other receivables	26,298	-

### **18 Ultimate parent and controlling company**

The ultimate parent, immediate parent and controlling Company of Velan Valves Limited is Velan Inc, a Company incorporated in Canada. Copies of the group financial statements may be obtained from; Velan Inc, 7007 Cote De Liesse, Montreal, Quebec, Canada, H4T 1G2.

The largest and smallest group in which the Company is consolidated for which group financial statements are prepared is Velan Inc.

### **19 Subsequent events**

As of the date these financial statements were issued, the COVID-19 pandemic continues to rapidly evolve. To date, our financials have not been materially impacted, while the COVID-19 path and impact is still emergent and highly dynamic.