Registration number: 06531201

VICTOR PRODUCTS LTD

Annual Report and Financial Statements
for the Year Ended 31 December 2018

Victor Products Ltd

Contents

Victor Products Ltd

Company Information

Directors	I Hudson M Ejupi D A Dupre S Vinokur
Registered office	Unit 3A Tyne Dock East Side Port of Tyne South Shields Tyne & Wear NE33 5SQ
Solicitors	Watson Burton LLP 1 St James Gate Newcastle upon Tyne NE1 4AD
Auditor	MHA Tait Walker Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Victor Products Ltd

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Principal activity

The principal activity of the company is the design and manufacture of a comprehensive range of mining equipment for hazardous areas and explosion-proof cable connecting and drilling equipment

Fair review of the business

The directors believe the company is well placed to take advantage of new opportunities in emerging markets where energy consumption is expected growth. The directors believe that the exit by the United Kingdom from the European Union will not have a significant impact on the company.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£'000	2,304	1,711
Operating loss	£'000	(1,622)	(267)
Loss after tax	£'000	(1,576)	(318)
Shareholder's funds	£'000	1,881	4,017

The company has benefitted from increased demand for 2018 and has successfully delivered against the orderbook. The directors are confident they can meet future demand.
The company made cash contributions totalling £1,000,000 during 2018 towards the past service deficit of the Victor Industries pension plan (2017 - £700,000), This increased rate of contribution will remain in effect until July 2025.

Principal risks and uncertainties

Legislative risk
In the UK, USA and Europe, hazardous area equipment must be manufactured to worldwide standards. These standards are subject to continuous revision and any new directive may have a material impact on the company's profit margins through additional compliance costs.
The company reviews product certification as and when required by the country in which the product is sold.
Competitive risk
The markets in which the company operates can be highly competitive. The intensity of the competition can result in price discounting and margin pressures throughout the industry and can adversely affect the company's ability to increase or maintain prices for products. In additions, certain competitors may have lower overall labour or material costs.
The company continually review profit margins by customer and product and will adjust prices is appropriate.
Operational risk
The company purchases raw material and component parts from suppliers to be used in the manufacturing of products. Changes in relationships with supplier or increases in the costs of purchased raw materials, component parts or finished goods could result in manufacturing interruptions, delay, inefficiencies or the company's inability to market products. In addition, profit margins would decrease if prices of purchased raw material, component parts or finished goods increase and the company was unable to pass on those increase to customers.
The company works with suppliers in maintaining competitive raw material prices, continuity of supply and quality of products received.

Victor Products Ltd

Strategic Report for the Year Ended 31 December 2018 (continued)

Treasury management policy

The company's principal financial instruments comprise of cash and cash equivalents. Other financial assets and liabilities, such as trade debtors, trade creditors and group balances, arise directly from the companies operating activities.

The main risks associated with the company's financial assets and liabilities are set out below.

Given that the majority of the risks below derive from transactions with other group companies, the company does not undertake any hedging activity locally. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

Interest rate risk

The company invests surplus cash in a floating rate interest yielding bank deposit account. Interest is charges at a variable rate on group borrowings. Therefore financial assets, liabilities, interest income and interest charges and cash flows can be affected by movements in interest rates.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the company provides goods and services on deferred terms.

Policies are aimed at minimising losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payments history and satisfy credit worthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant. Goods may be sold on a cash-with-order basis to mitigate credit risk

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure is approved at group level. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts.

Foreign currency risk

Sales are denominated in sterling and purchases of goods in foreign currencies are now immaterial. Therefore no hedging activity is undertaken locally to mitigate this risk.

Approved by the Board on 30 September 2019 and signed on its behalf by:

D A Dupre
Director

Victor Products Ltd

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors of the company

The directors who held office during the year were as follows:

I Hudson

B Wilson (resigned 15 January 2018)

M Ejupi

D A Dupre

S Vinokur

Future developments

The directors do not expect the trading will change significantly in the short term but believe the company is well placed to take advantage of new opportunities in emerging markets where energy consumption is expected grow. The directors believe that the exit by the United Kingdom from the European Union will not have a significant impact on the company.

Going concern

The directors have considered the company's current and future prospects and its availability of financing, and, after making enquiries, are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. For this reason the directors continue to adopt the going concern basis for the preparation for the financial statements.

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 30 September 2019 and signed on its behalf by:

D A Dupre
Director

Victor Products Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Independent Auditor's Report to the Members of Victor Products Ltd

Opinion

We have audited the financial statements of Victor Products Ltd (the 'company') for the year ended 31 December 2018, which comprise the Income Statement, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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.

Independent Auditor's Report to the Members of Victor Products Ltd (continued)

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 5), 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Victor Products Ltd (continued)

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.

....

Brian Laidlaw BA CA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

30 September 2019
MHA Tait Walker is a trading name of Tait Walker LLP.

Victor Products Ltd

Income Statement for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	2,303,680	1,711,040
Cost of sales		(1,502,455)	(1,402,870)
Gross profit		801,225	308,170
Distribution costs		(28,939)	(63,493)
Administrative expenses		(424,528)	(511,326)
Other (losses)/gains		(31,323)	-
Exceptional item	10	(1,938,000)	-
Total administrative expenses		(2,393,851)	(511,326)
Operating loss	4	(1,621,565)	(266,649)
Income from shares in group undertakings		18,997	-
Other interest receivable and similar income	5	14,136	6,099
Interest payable and similar expenses	6	12,000	(57,000)
Loss before tax		(1,576,432)	(317,550)
Loss for the financial year		(1,576,432)	(317,550)

The above results were derived from continuing operations.

The notes on pages 13 to 26 form an integral part of these financial statements.

Victor Products Ltd

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018 £	2017 £
Loss for the year	(1,576,432)	(317,550)
Remeasurement gain/loss on defined benefit pension schemes	(559,000)	2,120,000
Total comprehensive income for the year	(2,135,432)	1,802,450

The notes on pages 13 to 26 form an integral part of these financial statements.

Victor Products Ltd

(Registration number: 06531201)
Statement of Financial Position as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	236,256	231,272
Investments	13	-	31,323
		236,256	262,595
Current assets			
Stocks	14	265,402	195,597
Debtors	15	419,809	475,411
Cash at bank and in hand		3,498,270	4,067,706
		4,183,481	4,738,714
Creditors: Amounts falling due within one year	17	(923,548)	(984,688)
Net current assets		3,259,933	3,754,026
Total assets less current liabilities		3,496,189	4,016,621
Provisions for liabilities	18	(110)	(110)
Net assets excluding pension asset/(liability)		3,496,079	4,016,511
Net pension liability	19	(1,615,000)	-
Net assets		1,881,079	4,016,511
Capital and reserves			
Called up share capital		9,999	9,999
Profit and loss account		1,871,080	4,006,512
Total equity		1,881,079	4,016,511

Approved and authorised by the Board on 30 September 2019 and signed on its behalf by:

D A Dupre
Director

The notes on pages 13 to 26 form an integral part of these financial statements.

Victor Products Ltd

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Profit and loss account £	Total £
At 1 January 2017	9,999	2,204,062	2,214,061
Loss for the year	-	(317,550)	(317,550)
Other comprehensive income	-	2,120,000	2,120,000
Total comprehensive income	-	1,802,450	1,802,450
At 31 December 2017	9,999	4,006,512	4,016,511

	Share capital £	Profit and loss account £	Total £
At 1 January 2018	9,999	4,006,512	4,016,511
Loss for the year	-	(1,576,432)	(1,576,432)
Other comprehensive income	-	(559,000)	(559,000)
Total comprehensive income	-	(2,135,432)	(2,135,432)
At 31 December 2018	9,999	1,871,080	1,881,079

The notes on pages 13 to 26 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Unit 3A, Tyne Dock East Side, Port of Tyne, South Shields, Tyne & Wear, NE33 5SQ.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are prepared in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:
(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the company.
(c) Disclosures in respect of financial instruments have not been presented.
(d) No disclosure has been given for the aggregate remuneration of key management personnel.
The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Group accounts not prepared

The company has taken advantage of the exemptions available under Section 401 of Companies Act 2006 not to prepare consolidated accounts as the ultimate parent company, Federal Signal Corporation, a Delaware Corporation incorporated in the United States of America, publishes consolidated accounts.

2 Accounting policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report. The directors' report further describes the financial position of the company; its cash flows; liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.
The current economic conditions create uncertainty particularly over the level of demand for the company's products.
The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Judgements

There are considered to be no significant judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies which effect 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 cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of returns on assets, mortality rates and future pension increases. Due to long-term nature of the scheme, such estimates are subject to significant uncertainty. These assumptions are reviewed by management at the end of each year. Any difference between the assumptions and the actual outcome will impact future net assets and net income. The assumptions as at 31 December 2018 have been disclosed within the notes to these financial statements.

Revenue recognition

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of the creditors due within one year.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	straight line over the term of the lease
Plant and machinery	6% to 33% per annum straight line

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Research and development
Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of the individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the company is expected to benefit. This period is between three and five years. Provision is made for nay impairment.
Patents and trademarks
Intangible assets acquired as part of a business combination are measured at fair value at the acquisition date.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	over 10 years straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, which is the equivalent to the net realisable value.
Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow moving or defective items where appropriate.

Impairment of assets

Assets, other than those measured at fair value are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment losses is recognised in profit or loss as described below:
Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use.
Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.
Financial assets
For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted that the financial asset's original effective interest rate.
For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.
Where indicators exist for a decrease in impairment loss and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

2 Accounting policies (continued)

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.
The results of the pension scheme are reviewed on annual basis and any net asset of the scheme is restricted to £Nil as future cash outflows are required in order to maintain the asset.

Share based payments

For cash-settled share based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.
The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Sale of goods	2,303,680	1,711,040

The analysis of the company's turnover for the year by market is as follows:

	2018 £	2017 £
UK	991,504	849,040
Europe	507,659	343,000
Rest of world	804,517	519,000
	2,303,680	1,711,040

4 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	71,457	72,064
Foreign exchange losses	533	3,221
Profit on disposal of property, plant and equipment	-	(15,000)

5 Other interest receivable and similar income

	2018 £	2017 £
Interest income on bank deposits	14,136	6,099

6 Interest payable and similar expenses

	2018 £	2017 £
Other finance costs	(12,000)	57,000

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	536,856	444,166
Social security costs	59,495	54,642
Pension costs, defined contribution scheme	36,395	36,349
Pension costs, defined benefit scheme	141,000	184,000
Share-based payment expenses	-	1,145
	773,746	720,302

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Production	12	11
Administration and support	3	2
Management	-	1
	15	14

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	-	37,692
Contributions paid to money purchase schemes	-	3,808
	-	41,500

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Exercised share options	-	1
Accruing benefits under defined benefit pension scheme	-	1
Accruing benefits under money purchase pension scheme	-	1

9 Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	9,250	12,000

10 Exceptional items

	2018 £	2017 £
Exceptional administrative expenditure	1,938,000	-

The exceptional administrative expenditure of £1,938,000 (2017 - £Nil) relates to a revaluation of the defined benefit pension liability as a result of a loss on curtailments.

11 Intangible assets

	Goodwill £
Cost or valuation	
At 1 January 2018	153,088
At 31 December 2018	153,088
Amortisation	
At 1 January 2018	153,088
At 31 December 2018	153,088
Carrying amount	
At 31 December 2018	-
At 31 December 2017	-

12 Tangible assets

	Long leasehold land and buildings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation				
At 1 January 2018	183,484	456,064	141,028	780,576
Additions	8,650	-	67,793	76,443
At 31 December 2018	192,134	456,064	208,821	857,019
Depreciation				
At 1 January 2018	18,567	400,673	130,066	549,306
Charge for the year	38,427	22,644	10,386	71,457
At 31 December 2018	56,994	423,317	140,452	620,763
Carrying amount				
At 31 December 2018	135,140	32,747	68,369	236,256
At 31 December 2017	164,917	55,392	10,963	231,272

13 Investments in subsidiaries, joint ventures and associates

	2018 £	2017 £
Investments in subsidiaries	-	31,323

Subsidiaries	**£**
Cost or valuation	
At 1 January 2018	31,323
Disposals	(31,323)
At 31 December 2018	-
Provision	
At 1 January 2018	-
Provision	-
At 31 December 2018	-
Carrying amount	
At 31 December 2018	-
At 31 December 2017	31,323

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held 2018	2017
Subsidiary undertakings				
FST Camera Limited	Unit 3A, Tyne Dock East Side, Port of Tyne, South Shields, Tyne and Wear, NE33 5SQ, England and Wales	Ordinary	0%	51%

FST Camera Limited filed for members voluntary liquidation 15 August 2018 and was dissolved on 26 December 2018. As such the investment in the subsidiary has been disposed of in the accounts.

14 Stocks

	2018 £	2017 £
Raw materials and consumables	168,082	112,620
Work in progress	75,632	76,857
Finished goods and goods for resale	21,688	6,120
	265,402	195,597

15 Debtors

	2018 £	2017 £
Trade debtors	259,843	317,590
Amounts owed by group undertakings	83,245	110,597
Other debtors	9,950	500
Prepayments	66,771	46,724
	419,809	475,411

16 Cash and cash equivalents

Balances held by the company that are not available for use by the company

	2018 £	2017 £
Balances held by the company that are not available for use by the company	-	100,000

In the prior year there was a restricted cash balance amounting to £100,000. This related to a joint bank account held by the Company and previous tenant, Nolato Jaycare Ltd, who subleased 37,000 square feet of the Company premises since 2009 until July 2017. Signatories from both the Company and Nolato Jaycare Ltd are required to make payments from the account. The account was closed in January 2018 and Victor Products Ltd received the balance in full.

17 Creditors

	2018 £	2017 £
Due within one year		
Trade creditors	226,668	222,636
Amounts due to related parties	591,007	628,769
Social security and other taxes	38,682	37,995
Other creditors	62,904	95,288
Corporation tax liability	4,287	-
	923,548	984,688

18 Deferred tax and other provisions

	Warranties £
At 1 January 2018	110
At 31 December 2018	110

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £36,395 (2017 - £36,349).
Contributions totalling £6,972 (2017 - £6,551) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

Victor Industries Pension Plan

The company operates both a defined benefit scheme and a defined contribution scheme in the UK, the Victor Industries Pension Plan. The scheme is funded by the payment of contributions to a separately administered fund. Unpaid contributions at the period end date amounted to £Nil (2017 - £Nil).
For the defined benefit scheme, the pension costs are determined with the advice of an independent qualified actuary on the basis of a triennial valuation using the projected unit method.
The results of the most recent valuation, which was conducted as at 30 September 2016, are as follows:
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members after allowing for future salary increases (on a technical provisions basis) is 91%.
The company ceased to make contributions to the defined benefit scheme for future accruing benefits with effect from December 2002. The company made cash contributions totalling £1,000,000 during 2018 towards the past service deficit (2017 - £700,000). As the schemes are closed to new members, under the projected unit method, the current service cost will increase as the members of the schemes approach retirement.

The date of the most recent comprehensive actuarial valuation was 30 September 2016. The valuation used for FRS 102 disclosures has been based on the results of the actuarial valuation as at 30 September 2016 and projected forward to 31 December 2017 by Mercer Limited to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2018. Scheme assets are stated at their market value using the single swinging price at the respective balance sheet dates and include the balance of the trustee bank accounts.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £ 2,079,000 (2017 - £184,000).

19 Pension and other schemes (continued)

The cost relating to defined benefit plans for the fiscal year ending 31 December 2018 includes a plan amendment charge of £1,938k in respect of Guaranteed Minimum Pension (GMP) equalisation. This follows a High Court ruling on 26 October 2018 which confirmed that pension schemes are required to equalise male and female members' benefits for the effect of inequalities arising from GMPs. The estimated impact of GMP equalisation has been allowed for as a plan amendment as at the date of the judgment and impacts the P&L charge for the year to 31 December 2018. It also results in an increase to the Scheme's liabilities at 31 December 2018.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	2018 £	2017 £
Fair value of scheme assets	37,454,000	40,504,000
Present value of defined benefit obligation	(39,069,000)	(40,458,000)
	(1,615,000)	46,000
Other amounts not recognised in the statement of financial position	-	(46,000)
Defined benefit pension scheme deficit	(1,615,000)	-

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2018 £
Present value at start of year	40,458,000
Interest cost	989,000
Changes in assumptions	(1,633,000)
Loss on scheme changes	1,938,000
Benefits paid	(2,683,000)
Present value at end of year	39,069,000

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2018 £
Fair value at start of year	40,504,000
Interest income	1,001,000
Return on plan assets, excluding amounts included in interest income/(expense)	(2,227,000)
Employer contributions	1,000,000
Administrative expenses paid from scheme assets	(141,000)
Benefits paid	(2,683,000)
Fair value at end of year	37,454,000

19 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2018 %	2017 %
Cash and cash equivalents	-	8
Equity instruments	30	39
Debt instruments	63	46
Property	7	7
	100	100

Return on scheme assets

	2018 £	2017 £
Return on scheme assets	(1,226,000)	3,057,000

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2018 %	2017 %
Discount rate	2.80	2.50
Future pension increases	3.10	3.00
Inflation	2.30	2.20

Post retirement mortality assumptions

	2018 Years	2017 Years
Current UK pensioners at retirement age - male	22.00	22.00
Current UK pensioners at retirement age - female	23.00	23.00
Future UK pensioners at retirement age - male	22.00	22.00
Future UK pensioners at retirement age - female	23.00	23.00

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	25,729	51,458
Later than one year and not later than five years	-	30,017
	25,729	81,475

The amount of non-cancellable operating lease payments recognised as an expense during the year was £51,458 (2017 - £197,000).

21 Contingent liabilities

Victor Products Holdings Ltd, of which Victor Products Ltd is a wholly owned subsidiary undertaking, has issued a guarantee to HMRC in respect of VAT import duties amounting to £20,000 on behalf of the company (2017 - £20,000).

22 Parent and ultimate parent undertaking

The company's immediate parent is Victor Products Holdings Ltd, incorporated in England and Wales.
The ultimate parent is Federal Signal Corporation, incorporated in United States of America.
The most senior parent entity producing publicly available financial statements is Federal Signal Corporation. These financial statements are available upon request from Victor Products Ltd, Unit 3, Tyne Dock East Side, Port of Tyne, South Shields, Tyne and Wear, NE33 5SQ.