

**VICTOR PRODUCTS LTD**  
Annual Report and Financial Statements  
for the Year Ended 31 December 2021

# Victor Products Ltd

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# **Victor Products Ltd**

## **Company Information**

<b>Directors</b>	D Bonina J M Paso Luna
<b>Registered office</b>	Unit 3A Tyne Dock East Side Port of Tyne South Shields Tyne & Wear NE33 5SQ
<b>Solicitors</b>	Weightmans 1 St James Gate Newcastle upon Tyne NE1 4AD
<b>Auditor</b>	Azets Audit Services 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 2021

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

### 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 to grow, as well as ancillary markets within tunnelling.

The company made cash contributions totalling £850,000 during 2021 towards the annual service deficit of the Victor Industries Pension Plan (2020 - £1,000,000). This reduced rate of annual contributions is expected to remain in effect until February 2024.

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

	Unit	2021	2020
Turnover	£	2,113,479	1,884,559
Operating profit/(loss)	£	260,014	(83,360)
Profit/(loss) after tax	£	264,219	(23,626)
Shareholder's funds	£	1,749,551	2,091,332

### Principal risks and uncertainties

**Legislative risk** - In the UK 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 addition, certain competitors may have lower overall labour or material costs. The company continually reviews profit margins by customer and product and will adjust prices as 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 suppliers 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 increases 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 2021 (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.

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.

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

#### *Interest rate risk*

The company invests surplus cash in a floating rate interest yielding bank deposit account. Interest is charged 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 such credit risk.

#### *Liquidity risk*

The company aims to mitigate liquidity risk by managing cash generated by its operations. Capital expenditure is approved at the 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 currently immaterial. Therefore no hedging activity is undertaken locally to mitigate such risk.

Approved and authorised by the Board on 15 September 2022 and signed on its behalf by:

.....

D Bonina  
Director

# **Victor Products Ltd**

## **Directors' Report for the Year Ended 31 December 2021**

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

### **Directors of the company**

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

D A Dupre (resigned 20 May 2022)

M Ejupi (resigned 12 May 2021)

S Vinokur (resigned 12 May 2021)

I Hudson (resigned 15 July 2022)

The following directors were appointed after the year end:

D Bonina (appointed 20 May 2022)

J M Paso Luna (appointed 20 May 2022)

### **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 to grow, as well as ancillary markets within tunnelling.

### **Going concern**

The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations.

At the year end the company had net current assets of £1,653,821 including cash of £1,806,510 and made a profit before tax of £264,219.

The company's forecasts for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance.

### **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.

## **Victor Products Ltd**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

#### **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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

#### **Reappointment of auditor**

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 15 September 2022 and signed on its behalf by:

.....  
D Bonina  
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 United Kingdom 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.



# **Victor Products Ltd**

## **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 2021, 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 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

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

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

### **Other information**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Victor Products Ltd**

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

#### **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 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 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, 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 6], 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 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:

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;

## Victor Products Ltd

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

- challenging assumptions and judgements made by management in their significant accounting estimates;  
auditing the risk of management override of controls, including through testing journal entries and other
- adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- reviewing financial statement disclosures and testing to support documentation.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is 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 the ISAs (UK). For instance, the further removed non-compliance is 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

.....  
Brian Laidlaw BA CA (Senior Statutory Auditor)

For and on behalf of

Azets Audit Services

Statutory Auditor

Chartered Accountants

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

28 September 2022

Azets Audit Services is a trading name of Azets Audit Services Limited

## Victor Products Ltd

### Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	2,113,479	1,884,559
Cost of sales		<u>(1,427,632)</u>	<u>(1,372,380)</u>
Gross profit		685,847	512,179
Distribution costs		(17,578)	(20,045)
Administrative expenses		(440,665)	(589,562)
Other operating income	<u>4</u>	<u>32,410</u>	<u>14,068</u>
Operating profit/(loss)	<u>5</u>	260,014	(83,360)
Other interest receivable and similar income	<u>6</u>	<u>4,205</u>	<u>59,734</u>
Profit/(loss) before tax		<u>264,219</u>	<u>(23,626)</u>
Profit/(loss) for the financial year		<u><u>264,219</u></u>	<u><u>(23,626)</u></u>

The above results were derived from continuing operations.

The notes on pages 14 to 26 form an integral part of these financial statements.

## Victor Products Ltd

### Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £	2020 £
Profit/(loss) for the year	264,219	(23,626)
Remeasurement loss on defined benefit pension schemes	<u>(606,000)</u>	<u>(885,000)</u>
Total comprehensive income for the year	<u><u>(341,781)</u></u>	<u><u>(908,626)</u></u>

The notes on pages 14 to 26 form an integral part of these financial statements.

# Victor Products Ltd

(Registration number: 06531201)

## Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	<u>10</u>	95,730	140,992
<b>Current assets</b>			
Stocks	<u>11</u>	409,554	306,607
Debtors	<u>12</u>	326,446	388,722
Cash at bank and in hand		1,806,510	2,297,191
		<u>2,542,510</u>	<u>2,992,520</u>
<b>Creditors:</b> Amounts falling due within one year	<u>13</u>	<u>(888,689)</u>	<u>(914,180)</u>
<b>Net current assets</b>		<u>1,653,821</u>	<u>2,078,340</u>
<b>Net assets excluding pension asset/(liability)</b>		<u>1,749,551</u>	<u>2,219,332</u>
Net pension liability	<u>14</u>	-	(128,000)
<b>Net assets</b>		<u><u>1,749,551</u></u>	<u><u>2,091,332</u></u>
<b>Capital and reserves</b>			
Called up share capital	<u>15</u>	9,999	9,999
Profit and loss account	<u>16</u>	<u>1,739,552</u>	<u>2,081,333</u>
<b>Total equity</b>		<u><u>1,749,551</u></u>	<u><u>2,091,332</u></u>

Approved and authorised by the Board on 15 September 2022 and signed on its behalf by:

.....  
D Bonina  
Director

The notes on pages 14 to 26 form an integral part of these financial statements.

## Victor Products Ltd

### Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2020	9,999	2,989,959	2,999,958
Loss for the year	-	(23,626)	(23,626)
Other comprehensive income	-	(885,000)	(885,000)
Total comprehensive income	-	(908,626)	(908,626)
At 31 December 2020	9,999	2,081,333	2,091,332

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2021	9,999	2,081,333	2,091,332
Profit for the year	-	264,219	264,219
Other comprehensive income	-	(606,000)	(606,000)
Total comprehensive income	-	(341,781)	(341,781)
At 31 December 2021	9,999	1,739,552	1,749,551

The notes on pages 14 to 26 form an integral part of these financial statements.

# **Victor Products Ltd**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **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 United Kingdom and Republic of Ireland and the Companies Act 2006'.

#### **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.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations.

At the year end the company had net current assets of £1,653,821 including cash of £1,806,510 and made a profit before tax of £264,219.

The company's forecasts for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance.



# **Victor Products Ltd**

## **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

### **2 Accounting policies (continued)**

#### **Judgements**

The preparation of 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.

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 the 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 2021 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.

#### **Government grants**

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

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Government grants included within other operating income includes the UK Government assistance provided through Coronavirus Job Retention Scheme during the Covid-19 pandemic.

#### **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 rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

# Victor Products Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 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

#### 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 at 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.

# **Victor Products Ltd**

## **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

### **2 Accounting policies (continued)**

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **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.

#### **Trade creditors**

Trade creditors 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 the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **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.

# Victor Products Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 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.

### 3 Revenue

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

	2021 £	2020 £
Sale of goods	2,113,479	1,884,559

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

	2021 £	2020 £
UK	1,224,493	843,930
Europe	330,594	357,676
Rest of world	558,392	682,953
	2,113,479	1,884,559

### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Coronavirus Job Retention Scheme	32,410	14,068

# Victor Products Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	57,686	60,655
Foreign exchange losses	47	7
	<u>47</u>	<u>7</u>

### 6 Other interest receivable and similar income

	2021 £	2020 £
Interest income on bank deposits	205	7,734
Other finance income	4,000	52,000
	<u>4,205</u>	<u>59,734</u>

### 7 Staff costs

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

	2021 £	2020 £
Wages and salaries	571,515	539,919
Social security costs	60,070	59,896
Pension costs, defined contribution scheme	42,028	41,460
Pension costs, defined benefit scheme - Current service cost	120,000	130,000
Pension costs, defined benefit scheme - Past service cost	-	165,000
	<u>793,613</u>	<u>936,275</u>

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

	2021 No.	2020 No.
Production	12	12
Administration and support	3	3
	<u>15</u>	<u>15</u>

### 8 Auditor's remuneration

	2021 £	2020 £
Audit of the financial statements	10,235	9,750
	<u>10,235</u>	<u>9,750</u>

## Victor Products Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 9 Taxation

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	264,219	(23,626)
Corporation tax at standard rate	50,202	(4,489)
Effect of tax losses	65,523	4,489
Decrease from tax losses for which no deferred tax asset was recognised	(115,725)	-
Total tax charge/(credit)	-	-

## Victor Products Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 10 Tangible assets

	Long leasehold land and buildings £	Plant and machinery £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	192,134	459,314	243,218	894,666
Additions	-	9,620	2,804	12,424
At 31 December 2021	192,134	468,934	246,022	907,090
<b>Depreciation</b>				
At 1 January 2021	133,848	450,129	169,697	753,674
Charge for the year	38,426	3,194	16,066	57,686
At 31 December 2021	172,274	453,323	185,763	811,360
<b>Carrying amount</b>				
At 31 December 2021	19,860	15,611	60,259	95,730
At 31 December 2020	58,286	9,185	73,521	140,992

#### 11 Stocks

	2021 £	2020 £
Raw materials and consumables	238,233	144,612
Work in progress	36,893	41,431
Finished goods and goods for resale	134,428	120,564
	409,554	306,607

## Victor Products Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 12 Debtors

	2021	2020
	£	£
Trade debtors	218,151	264,437
Amounts owed by group undertakings	63,494	58,408
Other debtors	12,185	27,685
Prepayments	32,616	38,192
	<u>326,446</u>	<u>388,722</u>

#### 13 Creditors

	2021	2020
	£	£
<b>Due within one year</b>		
Trade creditors	104,500	136,016
Amounts owed to group undertakings	603,858	603,858
Social security and other taxes	31,361	22,867
Other creditors	148,970	151,439
	<u>888,689</u>	<u>914,180</u>

#### 14 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 £42,028 (2020 - £41,460).

Contributions totalling £6,841 (2020 - £6,987) were payable to the scheme at the end of the year and are included in creditors.

##### Defined benefit pension schemes

##### Victor Products Section of the Citrus Pension Plan

The company operates a defined benefit scheme in the UK, the Victor Products Section of the Citrus 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 (2020 - £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 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 £850,000 during 2021 towards the past service deficit (2020 - £1,000,000). 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.



## Victor Products Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Pension and other schemes (continued)

The date of the most recent comprehensive actuarial valuation was 31 March 2020. The valuation used for FRS 102 disclosures has been based on the results of the actuarial valuation as at 31 March 2020 and projected forward to 31 December 2021 by Hymans Robertson LLP to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 December 2021. 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 £ 116,000 (2020 - £243,000).

The cost relating to defined benefit plans for the fiscal year ending 31 December 2021 includes a plan amendment charge of £Nil (2020 - £165,000) in respect of Guaranteed Minimum Pension (GMP) equalisation. This follows a High Court ruling on 20 November 2020 which confirmed that pension schemes are required to equalise GMP benefits in prior year transfer values.

In the year ended 31 December 2021 the actuarial valuation for FRS 102 showed a surplus over liabilities at that date of £2,787,000. In accordance with FRS 102 paragraph 28.22, a pension scheme asset is recognised on the balance sheet only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. This condition was not met at the balance sheet date and therefore the surplus was not recognised.

#### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

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

	2021 £	2020 £
Fair value of scheme assets	41,774,000	42,031,000
Present value of defined benefit obligation	(38,987,000)	(42,159,000)
	2,787,000	(128,000)
Pension asset value not recognised (as per FRS 102 para 28.22)	(2,787,000)	-
Defined benefit pension scheme deficit	-	(128,000)

The actuarial movement for 2021 is therefore as follows:

	2021 £
Actuarial gain	2,181
Movement in asset value (not recognised)	(2,787)
	(606)

# Victor Products Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 14 Pension and other schemes (continued)

#### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2021 £
Present value at start of year	42,159,000
Current service cost	120,000
Interest cost	512,000
Changes in assumptions	(1,348,000)
Benefits paid	(2,456,000)
	<hr/>
Present value at end of year	<hr/> 38,987,000 <hr/>

#### *Fair value of scheme assets*

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

	2021 £
Fair value at start of year	42,031,000
Interest income	516,000
Return on plan assets, excluding amounts included in interest income/(expense)	833,000
Employer contributions	850,000
Benefits paid	(2,456,000)
	<hr/>
Fair value at end of year	<hr/> 41,774,000 <hr/>

#### *Analysis of assets*

The major categories of scheme assets are as follows:

	2021 £	2020 £
Cash and cash equivalents	3,973,000	5,393,000
Equity instruments	4,407,000	4,401,000
Debt instruments	33,394,000	32,237,000
	<hr/>	<hr/>
	<hr/> 41,774,000 <hr/>	<hr/> 42,031,000 <hr/>

#### *Return on scheme assets*

	2021 £	2020 £
Return on scheme assets	<hr/> 1,349,000 <hr/>	<hr/> 1,743,000 <hr/>

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.

# Victor Products Ltd

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 14 Pension and other schemes (continued)

#### *Principal actuarial assumptions*

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

	2021 %	2020 %
Discount rate	1.80	1.25
Future pension increases	3.20	2.75
Inflation	2.65	2.80

#### *Post retirement mortality assumptions*

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	20.70	20.70
Current UK pensioners at retirement age - female	22.70	22.60
Future UK pensioners at retirement age - male	22.60	22.60
Future UK pensioners at retirement age - female	26.00	25.90

### 15 Share capital

#### Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	9,999	9,999	9,999	9,999

### 16 Reserves

#### Share capital

This reserve records the nominal value of share capital issued by the company.

#### Profit and loss account

This reserve records accumulated profits and losses generated by the company.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Retained earnings £	Total £
Remeasurement gain/loss on defined benefit pension schemes	(606,000)	(606,000)

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Retained earnings £	Total £
Remeasurement gain/loss on defined benefit pension schemes	(885,000)	(885,000)

## Victor Products Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 17 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	35,750	35,750
	<u>35,750</u>	<u>35,750</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £71,500 (2020 - £71,500).

#### 18 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.

#### 19 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 (2020 - £20,000).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.