

Company Registration No. 11115953 (England and Wales)

VNPI UK HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



VNPI UK HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M A Z Lecumberri P Izeta	(Appointed 1 June 2021)
Company number	11115953	
Registered office	Units 17/19 Oakham Drive Parkwood Industrial Estate Sheffield S3 9QX	
Auditor	Ernst & Young LLP 1 Bridgewater Place Leeds LS11 5QR	

VNPI UK HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 6
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 14

VNPI UK HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020. The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and therefore a strategic report has not been presented.

Principal activities

The principal activity of the company is that of a holding company. Dividends of £738,614 were approved and paid in the period.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S J Erickson	(Resigned 1 June 2021)
C V Guinea	(Resigned 1 June 2020)
MA Z Lecumberri	
P Izeta	(Appointed 1 June 2021)

Results and dividends

During 2020 an unlawful distribution of £256,372 had been paid. The error arose because the company initially distributed, in full, a dividend they had received from the subsidiary Burgon & Ball Limited. Whilst the company had the cash facilities to do that, it did not have sufficient distributable reserves. Following this, in consultation with external legal advisors, the board convened to consider how best to rectify the error. The immediate parent was approached and agreed to repay £256,372 and a cash transfer of £256,372 has been received post year end. The directors consider this to have been a contingent asset as at 31 December 2020 and have therefore treated the receipt of the funds post year end as a non-adjusting post balance sheet event.

Auditor

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

VNPI UK HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

DocuSigned by:

7C98EBAB4784448.....

Pablo Izeta

Director

Date: February 24, 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VNPI UK HOLDINGS LIMITED

Opinion

We have audited the financial statements of VNPI UK Holdings Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the balance sheet, the 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for from when the financial statements are authorised for issue to 31 March 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VNPI UK HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VNPI UK HOLDINGS LIMITED

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those relate to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Companies Act 2006).
- We understood how VNPI UK Holdings Limited is complying with that framework by making enquiries of those charged with governance, management and those responsible for compliance and legal matters. We corroborated our enquiries through our review of Board minutes and consideration of the results of our audit procedures performed across the company, including audit procedures in respect of the compliance of these financial statements with the disclosure requirements of FRS 102 and the Companies Act 2006. In particular we reviewed all distributions in the period, and any actions taken if any distributions were deemed unlawful, and the disclosure in the notes to the accounts.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur in relation to financial reporting and the effectiveness of the company's controls and procedures in respect of fraud prevention. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. These procedures included reviewing any manual journals which have a higher susceptibility to management override of controls, assessing the compliance of the financial statements with the required reporting frameworks, and assessing the company's compliance with the applicable laws and regulations.

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

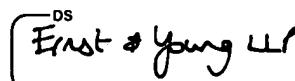
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VNPI UK HOLDINGS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Buckler (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP (Statutory Auditor)



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February 24, 2022

1 Bridgewater Place
Leeds
LS11 5QR

VNPI UK HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2020**

		Year ended 31 December 2020 £	Year ended 31 December 2019 £
Exceptional item	Notes 2	77,300	-
Interest receivable and similar income	4	738,614	300,000
Interest payable and similar expenses		(299,672)	(217,000)
Profit before taxation		516,242	83,000
Tax on profit		-	(41,230)
Profit for the financial year		516,242	41,770

VNPI UK HOLDINGS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2020**

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investments	5		6,841,300		6,841,300
Current assets					
Cash at bank and in hand		10		10	
Net current assets			10		10
Total assets less current liabilities			6,841,310		6,841,310
Creditors: amounts falling due after more than one year	6		(4,997,672)		(4,775,300)
Net assets			1,843,638		2,066,010
Capital and reserves					
Called up share capital	7		2,100,010		2,100,010
Profit and loss reserves	8		(256,372)		(34,000)
Total equity			1,843,638		2,066,010

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on February 24, 2022 and are signed on its behalf by:

DocuSigned by:

 TC68EBAB4784448

Pablo Izeta
 Director

Company Registration No. 11115953

VNPI UK HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019		2,100,010	224,230	2,324,240
Period ended 31 December 2019:				
Profit and total comprehensive income for the period		-	41,770	41,770
Dividends	8	-	(300,000)	(300,000)
Balance at 31 December 2019		2,100,010	(34,000)	2,066,010
Period ended 31 December 2020:				
Profit and total comprehensive income for the year		-	516,242	516,242
Dividends	8	-	(738,614)	(738,614)
Balance at 31 December 2020		2,100,010	(256,372)	1,843,638

VNPI UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

VNPI UK Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Units 17/19 Oakham Drive, Parkwood Industrial Estate, Sheffield, S3 9QX.

1.1 Accounting convention

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern considerations

VNPI UK Holdings Limited is the intermediary holding company of Burgon & Ball Limited. The sole income of VNPI UK Holdings Limited is that of distributed profits from the trading company Burgon & Ball Limited.

The business continues to trade successfully through the turbulence of COVID-19. It benefitted considerably by the boom in gardening activity during lockdown and this new demand has continued after lockdown restrictions have been eased in the Summer of 2021.

New business selling product to a large UK DIY chain has been very successful in 2021 exceeding initial forecasts with higher sales predicted in 2022. In addition, we have been successful in acquiring an additional UK DIY chain for 2022 as well as a large well known UK retailer.

However, 2021 quarter 4 sales are indicating a slight decline in the sector and this has been incorporated into our plan for 2022. We still expect a small overall growth in sales in 2022 due to the new business acquired in the UK and in addition to a predicted growth in EU sales as we establish a plan to make the Company more competitive post Brexit. Further to this, continued growth is expected during 2023.

Profitability continues to increase as turnover grows, however we have seen a negative impact on margins as costs of imports increase substantially because of the Worldwide freight situation.

Burgon & Ball Ltd uses its own cash reserves (£709,000 as at 31 December 2020) and group cash pooling arrangements to meet day to day working capital requirements.

VNPI UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The directors have prepared detailed budgets and cashflow forecasts for the period to 31 March 2023 and have run sensitivity analysis on those forecasts. The forecasts (before sensitivity) indicate that the company will, in aggregate, over the forecast period deposit funds in the group cash pool. The sensitivities considered show the company would draw on the cash pooling arrangement but stay well within the limits agreed on that arrangement. Given the group cash pool arrangement in place, a letter of support has been obtained from the parent NATT Tools Group Inc. covering the forecast period. After considering the banking facilities available to the parent and the consolidated trading performance of NATT Tools Group Inc. group the directors have concluded the parent can financially support the business if called upon to do so. Given the above the directors have a reasonable expectation that the company has adequate resources, and if needed support, to continue in operational existence for the foreseeable future. Thus, the financial statements have therefore been prepared on a going concern basis.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.3 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

VNPI UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.7 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

VNPI UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Exceptional item

	2020	2019
	£	£
Exceptional item - Intercompany adjustment	(77,300)	-

3 Employees

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

	2020 Number	2019 Number
Total	-	-

4 Interest receivable and similar income

	2020 £	2019 £
Interest receivable and similar income includes the following:		
Income from shares in group undertakings	738,614	300,000

5 Fixed asset investments

	2020 £	2019 £
Shares in group undertakings and participating interests	6,841,300	6,841,300

6 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Loan from ultimate controlling party	4,997,672	4,775,300

VNPI UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Called up share capital

	2020 £	2019 £
Ordinary share capital		
Allotted, called up and fully paid		
2,100,010 Ordinary shares of £1 each	2,100,010	2,100,010
	<u>2,100,010</u>	<u>2,100,010</u>

8 Profit and loss reserves

	2020 £	2019 £
Profit for the year	516,242	41,770
Dividends proposed and paid	(738,614)	(300,000)
Balance carried forward	<u>(256,372)</u>	<u>(34,000)</u>

9 Events after the reporting date

During 2020 an unlawful distribution of £256,372 had been paid. The error arose because the company initially distributed, in full, a dividend they had received from the subsidiary Burgon & Ball Limited. Whilst the company had the cash facilities to do that, it did not have sufficient distributable reserves. Following this, in consultation with external legal advisors, the board convened to consider how best to rectify the error. The immediate parent was approached and agreed to repay £256,372 and a cash transfer of £256,372 has been received post year end. The directors consider this to have been a contingent asset as at 31 December 2020 and have therefore treated the receipt of the funds post year end as a non-adjusting post balance sheet event.

10 Controlling party

The ultimate controlling party is Natt Tools Group Inc, a company incorporated in Canada.

VNPI Global Investments & Services S.L. prepares group financial statements, which is the smallest group to consolidate these financial statements and copies can be obtained from Poligono Industrial de Legazpi, Urola Kalea, 10, 20320 Lagazpi, Gipuzkoa, Espana.