

Videcon Holdings Limited

Registered number: 09463516

Director's report and consolidated financial statements

For the period ended 31 August 2016

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VIDECON HOLDINGS LIMITED

COMPANY INFORMATION

Director	A Croston
Company secretary	M J Rushall
Registered number	09463516
Registered office	Unit 1, Concept Business Park Smithies Lane Heckmondwike West Yorkshire WF16 0PN
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor Mazars House Gelder Road Gildersome Leeds LS27 7JN
Bankers	HSBC plc Market Place Dewsbury West Yorkshire WF13 1DH

VIDECON HOLDINGS LIMITED

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VIDECON HOLDINGS LIMITED

**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 AUGUST 2016**

Introduction

Videcon Holdings Limited was incorporated on 27 February 2015. On 5 April 2015 the company acquired the entire share capital of Videcon Limited.

The directors present their Group Strategic Report for the period from 27 February 2015 to 31 August 2016.

Business review

The results for the period ended 31 August 2016 are positive and indicate that the strategies implemented by management have translated into increased turnover and profitability. The Group has kept a tight control on the company overheads.

Strict credit control procedures have ensured bad debts are minimised. We will continue to keep tight control on all operational and other costs.

Trading conditions in our industry continue to be competitive and we will continue to provide a first class service to our customers at competitive prices. This approach ensures that the Group is ideally placed to take full advantage of any increase in demand.

We will continue to monitor the performance of the Group against forecasts and industry performance indicators, on a regular basis.

Future developments

The directors aim to continue with the management policies that have resulted in growth in sales and profitability over the last few years.

VIDECON HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2016

Principal risks and uncertainties

Operational risk

The Group has solid reporting systems and produces timely and accurate management information which is regularly reviewed by the management team enabling management to proactively react to any adverse trading results.

Price risk

The Group is exposed to downward pressure on margins resulting from current market conditions. This risk is mitigated by improving efficiencies.

Credit risk

The Group's principal financial assets are bank balances, stock and trade debtors that represent the Group's maximum exposure to credit risk in relation to financial assets.

The credit risk is primarily attributable to its trade debtors. The risk is managed by maintaining a strict credit policy and effective credit rating of current and prospective customers.

The amounts presented in the balance sheet are net of allowances for doubtful debts estimated by Group management based on prior experience and their assessment of the current economic environment.

The Group has no significant concentration of credit risk with exposure spread over a large number of customers.

Trade creditors are managed by ensuring sufficient funds are available to meet amounts due.

Liquidity risk

The Group's policy has been to ensure continuity of funding through maintaining high cash balances within the company. The Group has sufficient banking facilities and funds in place to meet current and future working capital requirements. Failure of suppliers continues to be a risk and the negative impact of supplier failures is mitigated through a spread of suppliers.

Financial key performance indicators

The directors consider the financial KPI's of the business to be:

- Turnover;
- Gross margin;
- Operational costs;
- Debtor levels; and
- Stock levels.

These are monitored on a monthly basis and resultant actions are taken as and when necessary.

Other key performance indicators

In addition non-financial KPI's are:

- High standard of customer service;
- Availability of a strong management team;
- Health & safety compliance; and
- Environmental issues.

VIDECON HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2016**

This report was approved by the board on **13TH December 2016** and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'A' followed by a series of horizontal strokes.

A Croston
Director

VIDECON HOLDINGS LIMITED

**DIRECTOR'S REPORT
FOR THE PERIOD ENDED 31 AUGUST 2016**

The director presents his report and the financial statements for the period ended 31 August 2016.

Director's responsibilities statement

The director is responsible for preparing the Group Strategic Report, the Director's Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the director must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group will continue in business.

The director is 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 the Group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Group is that of a distributor of CCTV products and services.

Results and dividends

The profit for the period, after taxation, amounted to £1,292,068.

Going concern

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 for accounting in preparing the annual financial statements.

Director

The director who served during the period was:

A Croston (appointed 27 February 2015)

VIDECON HOLDINGS LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2016**

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **13TH December 2016** and signed on its behalf.



A Croston
Director

VIDECON HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIDECON HOLDINGS LIMITED

We have audited the financial statements of Videcon Holdings Limited for the period ended 31 August 2016 which comprise the Group Income Statement, the Group and Company Statement of Financial Positions, the Group Statement of Changes in Equity, the Group Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of director and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an Auditors' 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 parent company and the parent company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 August 2016 and of the Group's profit for the period 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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

VIDECON HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIDECON HOLDINGS LIMITED

Matters on which we are required to report by exception

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

Ian Wrightson

Ian Wrightson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars House
Gelder Road
Gildersome
Leeds
LS27 7JN

Date: *13th December 2016*

VIDECON HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 AUGUST 2016**

	Note	Period ended 31 August 2016 £
Turnover	4	21,847,405
Cost of sales		(13,664,421)
Gross profit		8,182,984
Distribution costs		(472,490)
Administrative expenses		(5,789,875)
Fair value movements		270,585
Operating profit	5	2,191,204
Interest receivable and similar income	9	353
Interest payable and expenses	10	(362,024)
Profit before taxation		1,829,533
Tax on profit	11	(537,465)
Profit for the period		1,292,068

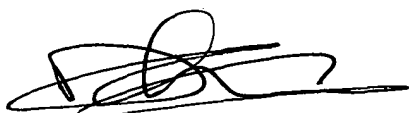
There were no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 15 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2016

	Note	£	2016 £
Fixed assets			
Intangible assets	13		9,449,854
Tangible assets	15		380,490
			<u>9,830,344</u>
Current assets			
Stocks	17	3,223,622	
Debtors: amounts falling due within one year	18	4,302,074	
Cash at bank and in hand	19	2,159,343	
		<u>9,685,039</u>	
Creditors: amounts falling due within one year	20	(11,633,296)	
Net current liabilities			<u>(1,948,257)</u>
Total assets less current liabilities			<u>7,882,087</u>
Creditors: amounts falling due after more than one year	21		(500,000)
Provisions for liabilities			
Deferred taxation	24	(23,080)	
		<u>(23,080)</u>	
Net assets			<u><u>7,359,007</u></u>
Capital and reserves			
Called up share capital	25		24,647
Share premium account	26		6,963,822
Profit and loss account	26		370,538
Equity attributable to owners of the parent Company			<u><u>7,359,007</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by the sole director on 13th December 2016.



A Croston
Director

The notes on pages 15 to 34 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2016

	Note	£	2016 £
Fixed assets			
Investments	16		14,472,726
			<u>14,472,726</u>
Current assets			
Cash at bank and in hand	19	1,118,807	
		<u>1,118,807</u>	
Creditors: amounts falling due within one year	20	(8,766,898)	
Net current liabilities			<u>(7,648,091)</u>
Total assets less current liabilities			<u>6,824,635</u>
Net assets			<u><u>6,824,635</u></u>
Capital and reserves			
Called up share capital	25		24,647
Share premium account	26		6,963,822
Profit and loss account	26		<u>(163,834)</u>
			<u><u>6,824,635</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



A Croston
Director

13TH December 2016.

The notes on pages 14 to 33 form part of these financial statements.

VIDECON HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2016**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Profit for the period	-	-	1,292,068	1,292,068
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(921,530)	(921,530)
Shares issued during the period	24,647	6,963,822	-	6,988,469
At 31 August 2016	<u>24,647</u>	<u>6,963,822</u>	<u>370,538</u>	<u>7,359,007</u>

The notes on pages 15 to 34 form part of these financial statements.

Reserves

The share premium account represents undistributable reserves in respect of the excess paid over par value on the issue of share capital in the current financial period.

The profit and loss account represents profits and losses retained in the current period.

VIDECON HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2016**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Profit for the period	-	-	757,696	757,696
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(921,530)	(921,530)
Shares issued during the period	24,647	6,963,822	-	6,988,469
At 31 August 2016	<u>24,647</u>	<u>6,963,822</u>	<u>(163,834)</u>	<u>6,824,635</u>

The notes on pages 15 to 34 form part of these financial statements.

Reserves

The share premium account represents undistributable reserves in respect of the excess paid over par value on the issue of share capital in the current financial period.

The profit and loss account represents profits and losses retained in the current period.

VIDECON HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2016**

	2016 £
Cash flows from operating activities	
Profit for the financial period	1,292,068
Adjustments for:	
Amortisation of intangible assets	720,392
Depreciation of tangible assets	106,579
Interest paid	362,024
Interest received	(353)
Taxation	537,465
(Increase) in stocks	(1,282,861)
(Increase) in debtors	(274,913)
Increase in creditors	1,537,496
Net fair value losses/gains recognised in P&L	(270,585)
Corporation tax	(726,820)
Net cash generated from operating activities	<u>2,000,492</u>
Cash flows from investing activities	
Purchase of tangible fixed assets	(123,828)
Purchase of fixed asset investments	(14,472,726)
Interest received	353
Net cash from investing activities	<u>(14,596,201)</u>
Cash flows from financing activities	
Issue of ordinary shares	6,988,469
New secured loans	3,600,000
Repayment of loans	(960,000)
Purchase of debenture loans	1,420,207
Other new loans	750,000
Movements on invoice discounting	2,191,346
Dividends paid	(921,530)
Interest paid	(362,024)
Net cash used in financing activities	<u>12,706,468</u>
Net increase in cash and cash equivalents	110,759
Cash and cash equivalents on acquisition of subsidiary	1,819,211
Cash and cash equivalents at the end of period	<u><u>1,929,970</u></u>

VIDECON HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2016**

**2016
£**

Cash and cash equivalents at the end of period comprise:

Cash at bank and in hand	2,159,343
Bank overdraft	(229,373)
	1,929,970

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

1. General information

Videcon Holdings Limited ("the Company") is a limited company incorporated in England and Wales. The address of its registered office and principal place of business is Unit 1, Concept Business Park, Smithies Lane, Heckmondwike, West Yorkshire, WF16 0PN.

The Company is a parent undertaking and therefore these consolidated financial statements present the financial information of the Company and its subsidiary undertaking (together referred to as "the Group").

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates, being Pound Sterling, and as such, the Group financial statements have been prepared and presented in this currency. The primary economic environment in which the Company operates is governed by Pounds Sterling, and as such the Company's financial statements have also been prepared and presented in this currency.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company is a newly incorporated entity and as such has prepared its first set of individual financial statements and consolidated financial statements for the newly formed group to the period ended 31 August 2016. The Company was incorporated on 27 February 2015.

As this is the first set of individual and consolidated financial statements prepared for the Company and the Group and have been prepared in accordance with FRS 102, there are no transitional reconciliations presented within these financial statements.

In preparing these financial statements, the Company has taken advantage of the following disclosure exemptions, as permitted by FRS 102 paragraph 1.12;

(i) The requirements of Section 33 *Related Party Disclosures* paragraph 33.7 relating to the disclosure of total key management personnel compensation;

(ii) The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation*; and

(iii) The requirements of Section 11 *Basic Financial Instruments* paragraphs 11.39 to 11.48A and Section 12 *Other Financial Instrument Issues* paragraphs 12.26 to 12.29 relating to the disclosure of financial instruments.

The Group is not permitted to take advantage of any of the disclosure exemptions listed above in preparing the consolidated financial statements.

The Company has also taken advantage of section 408 of the Companies Act 2006 and has chosen not present its own statement of comprehensive income in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

2.3 Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive over its useful economic life.

The estimated useful lives range as follows:

Goodwill	- 10 years
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2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over life of lease
Plant & machinery	- 25% to 50% straight line
Motor vehicles	- 25% to 33.3% straight line
Fixtures, fittings & equipment	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.7 Research and development

Research and development expenditure is written off in the period in which it is incurred.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Position when there is an 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.

Forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in Consolidated Statement of Comprehensive Income in finance costs or income as appropriate. The Group does not currently apply hedge accounting for foreign exchange derivatives.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

2. Accounting policies (continued)

2.18 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Group's accounting policies, the director is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The director's judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

The critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment associated with intangible and tangible fixed assets, the directors have considered both external and internal sources of information such as market values, changes in technological, economic and legal environments, evidence of obsolescence or physical damage of assets and declines in economic performance.

(ii) Warranty provision

Provision is made for predicted future warranty costs, the estimate being based on the historical cost of rectification costs and materials used.

(iii) Stock provision

Provision is made for stock which is slow moving or not usable.

(iv) Bad debt provision

Provision is made for any overdue invoices that are not insured where the directors consider there to be a significant risk of loss.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key 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 discussed below:

(i) Determining residual values and useful economic lives of tangible fixed assets

The Group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

3. Judgments in applying accounting policies (continued)

(ii) Determining useful economic lives of intangible assets

The Group amortise intangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on management's assessment of the period over which the asset is expected to generate future economic benefit for the Group. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, consumer trends and other external factors such as brand reputation and economic conditions.

(iii) Impairment of goodwill

The Group considers whether there has been any indicators of impairment of intangible assets and goodwill at each reporting date. Where there has been an indicator of impairment, the estimate of the recoverable amount of the intangible asset or cash-generating unit to which the intangible asset or goodwill relates is determined based on a value in use basis. This requires the estimation of the future cash flows associated with the cash-generating unit and the selection of an appropriate discount rate to calculate the net present value of these cash flows. Refer to note 13 for further details regarding the impairment of goodwill.

4. Turnover

Analysis of turnover by country of destination:

	Period ended 31 August 2016 £
United Kingdom	20,404,154
Rest of Europe	1,438,843
Rest of the world	4,408
	<u>21,847,405</u>

5. Operating profit

The operating profit is stated after charging:

	Period ended 31 August 2016 £
Research & development	15,001
Depreciation of tangible fixed assets	106,579
Amortisation of goodwill	720,392
Exchange differences	476,168
Operating lease rentals	322,530
Defined contribution pension cost	34,276
	<u>1,675,946</u>

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

6. Auditors' remuneration

	Period ended 31 August 2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	16,500
Fees payable to the Group's auditor and its associates in respect of:	
All other services	- 9,000

7. Employees

Staff costs, including director's remuneration, were as follows:

	Period ended 31 August 2016 £
Wages and salaries	2,995,272
Defined contribution pension cost	34,276
	<u>3,029,548</u>

The average monthly number of employees, including the director, during the period was as follows:

	Period ended 31 August 2016 No.
Management	5
Other staff	60
	<u>65</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Director's remuneration

	Period ended 31 August 2016 £
Director's emoluments	21,347
Group contribution to defined contribution pension scheme	259
	<u>21,606</u>

During the period retirement benefits were accruing to 1 director in respect of a defined contribution pension scheme.

9. Interest receivable

	Period ended 31 August 2016 £
Other interest receivable	<u>353</u>

10. Interest payable and similar charges

	Period ended 31 August 2016 £
Bank interest payable	327,504
Other loan interest payable	34,520
	<u>362,024</u>

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

11. Taxation

	Period ended 31 August 2016 £
Corporation tax	
Current tax on profits for the period	502,917
Total current tax	<u>502,917</u>
Deferred tax	
Origination and reversal of timing differences	34,548
Total deferred tax	<u>34,548</u>
Taxation on profit on ordinary activities	<u>537,465</u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	Period ended 31 August 2016 £
Profit on ordinary activities before tax	1,829,533
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	365,907
Effects of:	
Non-tax deductible amortisation of goodwill	144,078
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,635
Capital allowances for period in excess of depreciation	(5,838)
Short term timing difference leading to an increase in taxation	34,568
Other differences leading to a decrease in the tax charge	(11,885)
Total tax charge for the period	<u>537,465</u>

The Finance Act 2013 enacted a reduction in the main rate of tax to 20% from 1 April 2015.

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

11. Taxation (continued)**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

12. Dividends

	2016 £
Dividends paid on equity shares	921,530

13. Intangible assets**Group and Company**

	Goodwill £
Cost	
Additions	10,170,246
At 31 August 2016	10,170,246
Amortisation	
Charge for the period	720,392
At 31 August 2016	720,392
Net book value	
At 31 August 2016	9,449,854

14. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the period was £757,696.

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

15. Tangible fixed assets**Group**

	Leasehold improvements	Plant & machinery	Motor vehicles	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost or valuation					
Additions	7,640	48,279	30,050	37,859	123,828
Acquisition of subsidiary	513,816	47,789	106,833	169,535	837,973
Disposals	-	-	(18,772)	-	(18,772)
At 31 August 2016	<u>521,456</u>	<u>96,068</u>	<u>118,111</u>	<u>207,394</u>	<u>943,029</u>
Depreciation					
Charge for period on owned assets	66,482	10,784	11,588	17,725	106,579
Transfers intra group	196,056	29,627	97,439	151,610	474,732
Disposals	-	-	(18,772)	-	(18,772)
At 31 August 2016	<u>262,538</u>	<u>40,411</u>	<u>90,255</u>	<u>169,335</u>	<u>562,539</u>
Net book value					
At 31 August 2016	<u>258,918</u>	<u>55,657</u>	<u>27,856</u>	<u>38,059</u>	<u>380,490</u>

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

16. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Videcon Limited	England and Wales	Ordinary	100 %	Distributors of security equipment

The aggregate of the share capital and reserves as at 31 August 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit £
Videcon Limited	5,557,243	1,508,691
	<u>5,557,243</u>	<u>1,508,691</u>

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	14,472,726
At 31 August 2016	<u>14,472,726</u>
Net book value	
At 31 August 2016	<u>14,472,726</u>

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

17. Stocks

	Group 2016 £	Company 2016 £
Finished goods and goods for resale	3,223,622	-
	<u>3,223,622</u>	<u>-</u>

The difference between purchase price of stocks and their replacement cost is not material.

The total value of inventories recognised as an expense during the period was £13,188,253.

The total value of impairment losses recognised in respect of stock during the period was £26,744.

18. Debtors

	Group 2016 £	Company 2016 £
Trade debtors	3,162,702	-
Other debtors	327,224	-
Prepayments and accrued income	812,148	-
	<u>4,302,074</u>	<u>-</u>

19. Cash and cash equivalents

	Group 2016 £	Company 2016 £
Cash at bank and in hand	2,159,343	1,118,807
Less: bank overdraft	(229,373)	-
	<u>1,929,970</u>	<u>1,118,807</u>

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

20. Creditors: Amounts falling due within one year

	Group 2016 £	Company 2016 £
Bank overdraft	229,373	-
Bank loan	6,251,553	2,640,000
Other loan	250,000	-
Trade creditors	2,493,529	-
Amounts owed to group undertakings	-	6,126,898
Corporation tax	475,148	-
Taxation and social security	238,228	-
Other creditors	15,965	-
Accruals and deferred income	1,679,500	-
	<u>11,633,296</u>	<u>8,766,898</u>

The other loan of £250,000 is secured by a fixed and floating charge over certain assets of the group and by personal guarantees given by a director.

Included within bank loan and the invoice discounting is an invoice discounting facility of £2,201,200 which is secured against the group's trade debtors.

The remaining balance relates to a term loan facility which is secured by a fixed and floating charge over certain assets of the group and by personal guarantees given by a director.

Accruals include a provision for warranty and credit notes totalling £1,145,000 which are to cover against future costs of servicing and repairs arising from claims against prior sales.

21. Creditors: Amounts falling due after more than one year

	Group 2016 £	Company 2016 £
Other loan	500,000	-

The other loan of £500,000 is secured by a fixed and floating charge over certain assets of the group and by personal guarantees given by a director.

The loan is due to be settled in instalments of £250,000 with the final repayment due on 31 March 2020.

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

22. Loans

	Group 2016 £	Company 2016 £
Amounts falling due within one year		
Bank loan	6,251,553	2,640,000
Other loan	250,000	-
Amounts falling due 2-5 years		
Other loan	500,000	-
	<u>7,001,553</u>	<u>2,640,000</u>

23. Financial instruments

	Group 2016 £	Company 2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,929,970	1,118,807
Financial assets that are debt instruments measured at amortised cost	3,489,926	-
	<u>5,419,896</u>	<u>1,118,807</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(11,903,923)	(8,766,898)
	<u>(11,903,923)</u>	<u>(8,766,898)</u>

Financial assets measured at amortised cost comprise trade and other debtors.

Financial Liabilities measured at amortised cost comprise all creditors other than the bank overdraft.

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Deferred taxation**Group**

	2016
	£
Charged to the profit or loss	(34,548)
Balance on acquisition of subsidiary	11,468
At end of year	(23,080)

The deferred taxation balance is made up as follows:

	Group
	2016
	£
Accelerated capital allowances	(27,237)
Other item	4,157
	(23,080)

The deferred tax liability expected to reverse in the next financial year is £23,080.

25. Share capital

	2016
	£
Shares classified as equity	
Allotted, called up and fully paid	
24,643 Ordinary shares of £1 each	24,643
1 Ordinary A share of £1	1
1 Ordinary B share of £1	1
1 Ordinary C share of £1	1
1 Ordinary D share of £1	1
	24,647

**NOTES TO THE FINANCIAL STATEMENTS
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25. Share capital (continued)

On 27 February 2015, 1 Ordinary share of £1 was allotted at par.

On 2 April 2015, a further 24,642 Ordinary shares of £1 each were allotted at a premium of £6,963,822, as well as 1 Ordinary A share of £1, 1 Ordinary B share of £1 and 1 Ordinary C share of £1 at par.

On 30 September 2015, 1 Ordinary D share of £1 was allotted at par.

The ordinary shares carry rights to vote, rights to receive dividends and rights to participate in the event of a sale or winding up of the company.

Ordinary A, B, C and D shares have rights to dividends but carry no voting rights and are non-participating in the event of a sale or winding up of the company. The holders of such shares are only entitled to the par value of the shares held in such eventuality but do not rank ahead of other shareholders.

26. Reserves

Share premium

The share premium represents the amount paid above the par value of the shares.

Profit & loss account

The profit and loss reserves are fully distributable.

27. Contingent liabilities

The Group has made historic contributions into Employee Benefit Trusts for the benefit of employees and certain of their dependants. The tax treatment of these contributions has been challenged by HMRC resulting in the issue of Advance Payment Notifications to the Group amounting to £638,520. During the period the Group paid an amount of £638,520 to HMRC to settle the Advanced Payment Notifications.

Based on information received from their advisors, the directors are of the opinion that HMRC will be unsuccessful in their claims. Based on this information the payments made of £638,520 have been included in prepayments as the directors are of the opinion that these amounts are recoverable.

28. Pension commitments

The Group operates a defined contribution schemes for its directors and employees. The funds of the schemes are held separately in independently administered funds. The pension costs charged for the period amounted to £34,276. Contributions totalling £7,185 were payable to the fund at the reporting date and are included in other creditors.

VIDECON HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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29. Commitments under operating leases

At 31 August 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £
Not later than 1 year	297,541
Later than 1 year and not later than 5 years	992,478
Later than 5 years	3,122,857
	<u>4,412,876</u>

The total value of lease payments recognised as an expense during the period was £322,530.

30. Other financial commitments

The Group's bankers have issued a guarantee for ongoing VAT liabilities of £150,000 in favour of HM Revenue & Customs with recourse to Videcon Limited. At the balance sheet date all VAT payments are up to date.

31. Related party transactions

During the year, Videcon Limited had loan balances with certain of its directors. The maximum loan balances outstanding during the year were £221,045, £50,000 and £77,308 for A C Croston, I S Farr and M F Reddington respectively.

During the year, Videcon Limited paid rent and service charges of £240,000 (2015: £240,000) to Spider Orchid Limited in respect of the premises from which they operate. A C Croston is a director of Spider Orchid Limited.

Key management personnel received remuneration of £135,900.

All related party transactions are conducted on an arms' length basis.

Balances due to related parties at the year end are shown below.

	2016 £
A C Croston	39,692
	<u>39,692</u>

32. Controlling party

Andy Croston is the ultimate controlling party.