

# Videcon Holdings Limited

Registered number: 09463516

## Director's report and consolidated financial statements

For the year ended 31 August 2017

THURSDAY



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**VIDECON HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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|-----------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <b>Director</b>             | A Croston                                                                                                                  |
| <b>Company secretary</b>    | M J Rushall                                                                                                                |
| <b>Registered number</b>    | 09463516                                                                                                                   |
| <b>Registered office</b>    | Unit 1, Concept Business Park<br>Smithies Lane<br>Heckmondwike<br>West Yorkshire<br>WF16 0PN                               |
| <b>Independent auditors</b> | Mazars LLP<br>Chartered Accountants & Statutory Auditor<br>Mazars House<br>Gelderd Road<br>Gildersome<br>Leeds<br>LS27 7JN |

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**VIDECON HOLDINGS LIMITED**

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**VIDECON HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Introduction**

The directors present their Group Strategic Report for the year ended 31 August 2017.

**Business review**

The results for the year ended 31 August 2017 are below our own high expectations but we are confident in the strategies implemented by management and the underlying business performance is robust.

Turnover decreased by 5% to £14.8m. Gross profit margins remain strong and have improved in the year despite strong price competition in the marketplace and the continuing weakness of sterling. The Group has kept a tight control on the company overheads and excluding the exceptional charge for EBT contributions, Operating profits remain healthy at over £1.7m.

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 company against forecasts and industry performance indicators, on a regular basis.

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## **VIDECON HOLDINGS LIMITED**

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### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017**

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#### **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.

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**VIDECON HOLDINGS LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**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.

This report was approved by the board on **29<sup>th</sup> May 2018**

and signed on its behalf.



**A Croston**  
Director

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## **VIDECON HOLDINGS LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2017**

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The director presents his report and the financial statements for the year ended 31 August 2017.

#### **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; 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 to 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 year, after taxation, amounted to £76,617 (2016 - £1,292,068).

#### **Going concern**

The directors have a reasonable expectation that the Company and 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.

#### **Director**

The director who served during the year was:

A Croston

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**VIDECON HOLDINGS LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**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 Company and 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 **29th May 2018** and signed on its behalf.



A Croston  
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIDECON HOLDINGS LIMITED**

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**Opinion**

We have audited the financial statements of Videcon Holdings Limited (the 'Company') for the year ended 31 August 2017 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2017 and of the Group's 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.

**Use of the audit 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.

**Conclusions relating to going concern**

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIDECON HOLDINGS LIMITED**

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**Other information**

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

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

We have nothing to report in this regard.

**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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In 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 Strategic Report or 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 director's remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
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## VIDECON HOLDINGS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIDECON HOLDINGS LIMITED

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#### Responsibilities of Directors

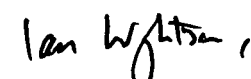
As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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



Ian Wrightson (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars House  
Gelderd Road  
Gildersome  
Leeds  
LS27 7JN

Date: 30<sup>th</sup> May 2018.

VIDECON HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2017**

|                                        |      | year ended<br>31 August<br>2017<br>£ | As restated<br>18 month<br>period<br>ended<br>31 August<br>2016<br>£ |
|----------------------------------------|------|--------------------------------------|----------------------------------------------------------------------|
|                                        | Note |                                      |                                                                      |
| Turnover                               | 4    | 14,800,628                           | 21,847,405                                                           |
| Cost of sales                          |      | (9,309,438)                          | (13,664,421)                                                         |
| <b>Gross profit</b>                    |      | <b>5,491,190</b>                     | <b>8,182,984</b>                                                     |
| Distribution costs                     |      | (397,060)                            | (472,490)                                                            |
| Administrative expenses                |      | (3,826,709)                          | (5,699,505)                                                          |
| Exceptional items                      | 13   | (638,521)                            | -                                                                    |
| Fair value movements                   |      | (25,056)                             | 270,585                                                              |
| <b>Operating profit</b>                | 5    | <b>603,844</b>                       | <b>2,281,574</b>                                                     |
| Interest receivable and similar income | 9    | -                                    | 353                                                                  |
| Interest payable and expenses          | 10   | (196,898)                            | (452,394)                                                            |
| <b>Profit before taxation</b>          |      | <b>406,946</b>                       | <b>1,829,533</b>                                                     |
| Tax on profit                          | 11   | (330,329)                            | (537,465)                                                            |
| <b>Profit for the financial year</b>   |      | <b>76,617</b>                        | <b>1,292,068</b>                                                     |

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 16 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2017

|                                                         | Note | 2017<br>£               | As restated<br>2016<br>£ |
|---------------------------------------------------------|------|-------------------------|--------------------------|
| <b>Fixed assets</b>                                     |      |                         |                          |
| Intangible assets                                       | 14   | 8,941,342               | 9,449,854                |
| Tangible assets                                         | 15   | 321,132                 | 380,490                  |
|                                                         |      | <u>9,262,474</u>        | <u>9,830,344</u>         |
| <b>Current assets</b>                                   |      |                         |                          |
| Stocks                                                  | 17   | 2,479,283               | 2,570,619                |
| Debtors: amounts falling due within one year            | 18   | 4,998,741               | 4,302,074                |
| Cash at bank and in hand                                | 19   | 2,001,782               | 2,159,343                |
|                                                         |      | <u>9,479,806</u>        | <u>9,032,036</u>         |
| Creditors: amounts falling due within one year          | 20   | (10,619,417)            | (10,980,292)             |
| <b>Net current liabilities</b>                          |      | <u>(1,139,611)</u>      | <u>(1,948,256)</u>       |
| <b>Total assets less current liabilities</b>            |      | <u>8,122,863</u>        | <u>7,882,088</u>         |
| Creditors: amounts falling due after more than one year | 21   | (1,060,000)             | (500,000)                |
| <b>Provisions for liabilities</b>                       |      |                         |                          |
| Deferred taxation                                       | 24   | (14,146)                | (23,080)                 |
|                                                         |      | <u>(14,146)</u>         | <u>(23,080)</u>          |
| <b>Net assets</b>                                       |      | <u><u>7,048,717</u></u> | <u><u>7,359,008</u></u>  |
| <b>Capital and reserves</b>                             |      |                         |                          |
| Called up share capital                                 | 25   | 24,648                  | 24,648                   |
| Share premium account                                   | 26   | 6,963,822               | 6,963,822                |
| Profit and loss account                                 | 26   | 60,247                  | 370,538                  |
|                                                         |      | <u><u>7,048,717</u></u> | <u><u>7,359,008</u></u>  |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
29th May 2018



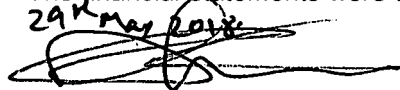
A Croston  
Director

The notes on pages 16 to 37 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2017

|                                                         | Note | 2017<br>£               | As restated<br>2016<br>£ |
|---------------------------------------------------------|------|-------------------------|--------------------------|
| <b>Fixed assets</b>                                     |      |                         |                          |
| Investments                                             | 16   | 14,472,726              | 14,472,726               |
|                                                         |      | <u>14,472,726</u>       | <u>14,472,726</u>        |
| <b>Current assets</b>                                   |      |                         |                          |
| Cash at bank and in hand                                | 19   | 1,142,713               | 1,118,807                |
|                                                         |      | <u>1,142,713</u>        | <u>1,118,807</u>         |
| Creditors: amounts falling due within one year          | 20   | (6,413,148)             | (8,766,897)              |
| <b>Net current liabilities</b>                          |      | <u>(5,270,435)</u>      | <u>(7,648,090)</u>       |
| <b>Total assets less current liabilities</b>            |      | <u>9,202,291</u>        | <u>6,824,636</u>         |
| Creditors: amounts falling due after more than one year | 21   | (2,135,835)             | -                        |
| <b>Net assets</b>                                       |      | <u><u>7,066,456</u></u> | <u><u>6,824,636</u></u>  |
| <b>Capital and reserves</b>                             |      |                         |                          |
| Called up share capital                                 | 25   | 24,648                  | 24,648                   |
| Share premium account                                   | 26   | 6,963,822               | 6,963,822                |
| Profit and loss account                                 | 26   | 77,986                  | (163,834)                |
|                                                         |      | <u><u>7,066,456</u></u> | <u><u>6,824,636</u></u>  |

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

29th May 2018  


**A Croston**  
Director

The notes on pages 16 to 37 form part of these financial statements.

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**VIDECON HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2017**

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|                                          | Called up<br>share capital<br>£ | Share<br>premium<br>account<br>£ | Profit and<br>loss account<br>£ | Total equity<br>£ |
|------------------------------------------|---------------------------------|----------------------------------|---------------------------------|-------------------|
| At 1 September 2016                      | 24,648                          | 6,963,822                        | 370,538                         | 7,359,008         |
| <b>Comprehensive income for the year</b> |                                 |                                  |                                 |                   |
| Profit for the year                      | -                               | -                                | 76,617                          | 76,617            |
| Dividends: Equity capital                | -                               | -                                | (386,908)                       | (386,908)         |
| <b>At 31 August 2017</b>                 | <u>24,648</u>                   | <u>6,963,822</u>                 | <u>60,247</u>                   | <u>7,048,717</u>  |

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

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|                                            | Called up<br>share capital<br>£ | Share<br>premium<br>account<br>£ | Profit and<br>loss account<br>£ | Total equity<br>£ |
|--------------------------------------------|---------------------------------|----------------------------------|---------------------------------|-------------------|
| <b>Comprehensive income for the period</b> |                                 |                                  |                                 |                   |
| Profit for the period                      | -                               | -                                | 1,292,068                       | 1,292,068         |
| Dividends: Equity capital                  | -                               | -                                | (921,530)                       | (921,530)         |
| Shares issued during the period            | 24,648                          | 6,963,822                        | -                               | 6,988,470         |
| <b>At 31 August 2016</b>                   | <u>24,648</u>                   | <u>6,963,822</u>                 | <u>370,538</u>                  | <u>7,359,008</u>  |

The notes on pages 16 to 37 form part of these financial statements.

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**VIDECON HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2017**

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|                                                     | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|-----------------------------------------------------|------------------------------------|--------------------------------------|------------------------------------|---------------------|
|                                                     | <b>£</b>                           | <b>£</b>                             | <b>£</b>                           | <b>£</b>            |
| At 1 September 2016                                 | 24,648                             | 6,963,822                            | (163,834)                          | 6,824,636           |
| <b>Comprehensive income for the year</b>            |                                    |                                      |                                    |                     |
| Profit for the year                                 | -                                  | -                                    | 628,728                            | 628,728             |
| <b>Contributions by and distributions to owners</b> |                                    |                                      |                                    |                     |
| Dividends: Equity capital                           | -                                  | -                                    | (386,908)                          | (386,908)           |
| <b>At 31 August 2017</b>                            | <u>24,648</u>                      | <u>6,963,822</u>                     | <u>77,986</u>                      | <u>7,066,456</u>    |

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

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|                                                     | <b>Called up<br/>share capital</b> | <b>Share<br/>premium<br/>account</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|-----------------------------------------------------|------------------------------------|--------------------------------------|------------------------------------|---------------------|
|                                                     | <b>£</b>                           | <b>£</b>                             | <b>£</b>                           | <b>£</b>            |
| <b>Comprehensive income for the period</b>          |                                    |                                      |                                    |                     |
| Profit for the period                               | -                                  | -                                    | 757,696                            | 757,696             |
| <b>Contributions by and distributions to owners</b> |                                    |                                      |                                    |                     |
| Dividends: Equity capital                           | -                                  | -                                    | (921,530)                          | (921,530)           |
| Shares issued during the period                     | 24,648                             | 6,963,822                            | -                                  | 6,988,470           |
| <b>At 31 August 2016</b>                            | <u>24,648</u>                      | <u>6,963,822</u>                     | <u>(163,834)</u>                   | <u>6,824,636</u>    |

The notes on pages 16 to 37 form part of these financial statements.

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**VIDECON HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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|                                                     | 2017<br>£       | As restated<br>2016<br>£ |
|-----------------------------------------------------|-----------------|--------------------------|
| <b>Cash flows from operating activities</b>         |                 |                          |
| Profit for the financial year                       | 76,617          | 1,292,068                |
| <b>Adjustments for:</b>                             |                 |                          |
| Amortisation of intangible assets                   | 508,512         | 720,392                  |
| Depreciation of tangible assets                     | 101,086         | 106,579                  |
| Interest paid                                       | 93,753          | 452,394                  |
| Interest received                                   | -               | (353)                    |
| Taxation charge                                     | 330,329         | 537,465                  |
| Decrease/(increase) in stocks                       | 91,336          | (629,858)                |
| (Increase) in debtors                               | (727,289)       | (274,914)                |
| Increase in creditors                               | 324,545         | 884,493                  |
| Net fair value losses/(gains) recognised in P&L     | 25,056          | (270,585)                |
| Corporation tax (paid)                              | (87,994)        | (726,820)                |
| <b>Net cash generated from operating activities</b> | <u>735,951</u>  | <u>2,090,861</u>         |
| <b>Cash flows from investing activities</b>         |                 |                          |
| Purchase of tangible fixed assets                   | (41,729)        | (123,828)                |
| Purchase of fixed asset investments                 | -               | (14,472,726)             |
| Interest received                                   | -               | 353                      |
| <b>Net cash from investing activities</b>           | <u>(41,729)</u> | <u>(14,596,201)</u>      |

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**VIDECON HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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|                                                               | 2017<br>£          | As restated<br>2016<br>£ |
|---------------------------------------------------------------|--------------------|--------------------------|
| <b>Cash flows from financing activities</b>                   |                    |                          |
| Issue of ordinary shares                                      | -                  | 6,988,470                |
| New secured loans                                             | -                  | 6,251,553                |
| Repayment of loans / New loans                                | (783,114)          | 750,000                  |
| Dividends paid                                                | (386,908)          | (921,530)                |
| Interest paid                                                 | (160,746)          | (452,394)                |
| <b>Net cash used in financing activities</b>                  | <b>(1,330,768)</b> | <b>12,616,099</b>        |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>(636,546)</b>   | <b>110,759</b>           |
| Cash and cash equivalents at beginning of year                | 1,929,970          | -                        |
| Cash and cash equivalents on acquisition of subsidiary        | -                  | 1,819,211                |
| <b>Cash and cash equivalents at the end of year</b>           | <b>1,293,424</b>   | <b>1,929,970</b>         |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                    |                          |
| Cash at bank and in hand                                      | 2,001,782          | 2,159,343                |
| Bank overdrafts                                               | (708,358)          | (229,373)                |
|                                                               | <b>1,293,424</b>   | <b>1,929,970</b>         |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. General information**

Videcon Holdings Limited ("the Company") is a private company, limited by share capital, incorporated and registered 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.

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 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.

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

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**2. Accounting policies (continued)**

**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.

**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, being 20 years.

The estimated useful lives range as follows:

|          |            |
|----------|------------|
| Goodwill | - 20 years |
|----------|------------|

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets (continued)**

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 the life of the 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**2. Accounting policies (continued)**

**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 of the recoverable amount, 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 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**2. Accounting policies (continued)**

**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 Consolidated Statement of Comprehensive Income 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**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.

**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 Consolidated Statement of Comprehensive Income 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**2. Accounting policies (continued)**

**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.

**2.22 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**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 leasehold improvements, plant and equipment***

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 YEAR ENDED 31 AUGUST 2017

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 14 for further details regarding the impairment of goodwill.

4. Turnover

Analysis of turnover by country of destination:

|                   | year ended<br>31 August<br>2017<br>£ | 18 month<br>period<br>ended<br>31 August<br>2016<br>£ |
|-------------------|--------------------------------------|-------------------------------------------------------|
| United Kingdom    | 13,455,557                           | 20,404,154                                            |
| Rest of Europe    | 1,314,979                            | 1,438,843                                             |
| Rest of the world | 30,092                               | 4,408                                                 |
|                   | <u>14,800,628</u>                    | <u>21,847,405</u>                                     |

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**VIDECON HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**5. Operating profit**

The operating profit is stated after charging:

|                                                                                                | <b>year ended<br/>31 August<br/>2017<br/>£</b> | <b>18 month<br/>period<br/>ended<br/>31 August<br/>2016<br/>£</b> |
|------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------|
| Research & development                                                                         | 5,607                                          | 15,001                                                            |
| Depreciation of tangible fixed assets                                                          | 101,087                                        | 106,579                                                           |
| Amortisation of goodwill                                                                       | 508,512                                        | 720,392                                                           |
| Fees payable to the Group's auditor for the audit of the Company's annual financial statements | 16,000                                         | 16,500                                                            |
| Exchange differences                                                                           | 825,204                                        | 476,168                                                           |
| Operating lease rental costs                                                                   | 311,966                                        | 322,530                                                           |
| Defined contribution pension cost                                                              | 30,633                                         | 34,276                                                            |
|                                                                                                | <u>          </u>                              | <u>          </u>                                                 |

**6. Auditors' remuneration**

|                                                                                              | <b>year ended<br/>31 August<br/>2017<br/>£</b> | <b>18 month<br/>period<br/>ended<br/>31 August<br/>2016<br/>£</b> |
|----------------------------------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------|
| Fees payable to the Group's auditor for the audit of the Group's annual financial statements | 16,000                                         | 16,500                                                            |
|                                                                                              | <u>          </u>                              | <u>          </u>                                                 |
| <b>Fees payable to the Group's auditor in respect of:</b>                                    |                                                |                                                                   |
| All other services                                                                           | 14,000                                         | 9,000                                                             |
|                                                                                              | <u>          </u>                              | <u>          </u>                                                 |

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**VIDECON HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**7. Employees**

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

|                                     | <b>Group</b>     | <b>Group</b>        | <b>Company</b> | <b>Company</b>      |
|-------------------------------------|------------------|---------------------|----------------|---------------------|
|                                     |                  | <b>18 month</b>     |                | <b>18 month</b>     |
|                                     | <b>2017</b>      | <b>period to 31</b> | <b>2017</b>    | <b>period to 31</b> |
|                                     | <b>£</b>         | <b>August 2016</b>  | <b>£</b>       | <b>August 2016</b>  |
|                                     |                  | <b>£</b>            |                | <b>£</b>            |
| Wages and salaries                  | 1,703,218        | 2,948,234           | -              | -                   |
| Social security costs               | 195,879          | 38,500              | -              | -                   |
| Cost of defined contribution scheme | 30,633           | 34,276              | -              | -                   |
|                                     | <u>1,929,730</u> | <u>3,021,010</u>    | <u>-</u>       | <u>-</u>            |

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

|             | <b>year</b>   | <b>18 month</b> |
|-------------|---------------|-----------------|
|             | <b>ended</b>  | <b>period</b>   |
|             | <b>31</b>     | <b>ended</b>    |
|             | <b>August</b> | <b>August</b>   |
|             | <b>2017</b>   | <b>2016</b>     |
|             | <b>No.</b>    | <b>No.</b>      |
| Management  | 5             | 5               |
| Other staff | 61            | 60              |
|             | <u>66</u>     | <u>65</u>       |

**8. Director's remuneration**

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

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**VIDECON HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**9. Interest receivable**

|                           | <b>year ended<br/>31 August<br/>2017<br/>£</b> | <b>18 month<br/>period<br/>ended<br/>31 August<br/>2016<br/>£</b> |
|---------------------------|------------------------------------------------|-------------------------------------------------------------------|
| Other interest receivable | -                                              | 353                                                               |

**10. Interest payable and similar charges**

|                             | <b>year ended<br/>31 August<br/>2017<br/>£</b> | <b>18 month<br/>period<br/>ended<br/>31 August<br/>2016<br/>£</b> |
|-----------------------------|------------------------------------------------|-------------------------------------------------------------------|
| Bank interest payable       | 93,388                                         | 356,390                                                           |
| Other loan interest payable | 34,373                                         | 34,520                                                            |
| Other interest payable      | 69,137                                         | 61,484                                                            |
|                             | <u>196,898</u>                                 | <u>452,394</u>                                                    |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017

11. Taxation

|                                                  | year ended<br>31 August<br>2017<br>£ | 18 month<br>period<br>ended<br>31 August<br>2016<br>£ |
|--------------------------------------------------|--------------------------------------|-------------------------------------------------------|
| <b>Corporation tax</b>                           |                                      |                                                       |
| Current tax on profits for the period            | 308,643                              | 502,917                                               |
| <b>Total current tax</b>                         | <u>308,643</u>                       | <u>502,917</u>                                        |
| <b>Deferred tax</b>                              |                                      |                                                       |
| Origination and reversal of timing differences   | 21,686                               | 34,548                                                |
| <b>Taxation on profit on ordinary activities</b> | <u>330,329</u>                       | <u>537,465</u>                                        |

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.58% (2016 - 20%). The differences are explained below:

|                                                                                                               | year ended<br>31 August<br>2017<br>£ | 18 month<br>period<br>ended<br>31 August<br>2016<br>£ |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------------------------|
| Profit on ordinary activities before tax                                                                      | <u>406,946</u>                       | <u>1,829,533</u>                                      |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.58% (2016 - 20%) | 79,680                               | 365,907                                               |
| <b>Effects of:</b>                                                                                            |                                      |                                                       |
| Non-tax deductible amortisation of goodwill                                                                   | 99,584                               | 144,078                                               |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                     | 115,292                              | 10,635                                                |
| Capital allowances for year/period in excess of depreciation                                                  | -                                    | (5,838)                                               |
| Short term timing difference leading to an increase in taxation                                               | -                                    | 34,568                                                |
| Other differences leading to an increase / (decrease) in the tax charge                                       | 35,773                               | (11,885)                                              |
| <b>Total tax charge for the year/period</b>                                                                   | <u>330,329</u>                       | <u>537,465</u>                                        |

A reduction in the main rate of tax to 19% was enacted from 1 April 2017.

There were no factors that may affect future tax charges.

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**VIDECON HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**12. Dividends**

|                                 | <b>2017</b><br><b>£</b> | <b>2016</b><br><b>£</b> |
|---------------------------------|-------------------------|-------------------------|
| Dividends paid on equity shares | <u>386,908</u>          | <u>921,530</u>          |

**13. Exceptional items**

|                                   | <b>year ended</b><br><b>31 August</b><br><b>2017</b><br><b>£</b> | <b>18 month</b><br><b>period</b><br><b>ended</b><br><b>31 August</b><br><b>2016</b><br><b>£</b> |
|-----------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Exceptional items - EBT liability | <u>638,521</u>                                                   | <u>-</u>                                                                                        |
|                                   | <u>638,521</u>                                                   | <u>-</u>                                                                                        |

The Group made historic contributions into Employee Benefit Trusts. The tax treatment of these contributions has been challenged by HMRC resulting in the issue of Advance Payment Notifications to the Group. Due to the uncertainty regarding the recovery of the amounts paid to HMRC the company has expensed these payments to the Statement of Comprehensive Income.

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**VIDECON HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**14. Intangible assets****Group and Company**

|                       | <b>Goodwill<br/>£</b> |
|-----------------------|-----------------------|
| <b>Cost</b>           |                       |
| At 1 September 2016   | 10,170,246            |
| At 31 August 2017     | <u>10,170,246</u>     |
| <b>Amortisation</b>   |                       |
| At 1 September 2016   | 720,392               |
| Charge for the year   | 508,512               |
| At 31 August 2017     | <u>1,228,904</u>      |
| <b>Net book value</b> |                       |
| At 31 August 2017     | <u>8,941,342</u>      |
| At 31 August 2016     | <u>9,449,854</u>      |

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**VIDECON HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**15. Tangible fixed assets****Group**

|                                        | <b>Leasehold<br/>improvements<br/>£</b> | <b>Plant &amp;<br/>machinery<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Fixtures,<br/>fittings &amp;<br/>equipment<br/>£</b> | <b>Total<br/>£</b> |
|----------------------------------------|-----------------------------------------|----------------------------------------|---------------------------------|---------------------------------------------------------|--------------------|
| <b>Cost or valuation</b>               |                                         |                                        |                                 |                                                         |                    |
| At 1 September 2016                    | 521,456                                 | 96,068                                 | 118,111                         | 207,394                                                 | 943,029            |
| Additions                              | 7,190                                   | 572                                    | -                               | 33,967                                                  | 41,729             |
| At 31 August 2017                      | <u>528,646</u>                          | <u>96,640</u>                          | <u>118,111</u>                  | <u>241,361</u>                                          | <u>984,758</u>     |
| <b>Depreciation</b>                    |                                         |                                        |                                 |                                                         |                    |
| At 1 September 2016                    | 262,538                                 | 40,411                                 | 90,255                          | 169,335                                                 | 562,539            |
| Charge for the year on owned<br>assets | 48,751                                  | 22,476                                 | 8,637                           | 21,223                                                  | 101,087            |
| At 31 August 2017                      | <u>311,289</u>                          | <u>62,887</u>                          | <u>98,892</u>                   | <u>190,558</u>                                          | <u>663,626</u>     |
| <b>Net book value</b>                  |                                         |                                        |                                 |                                                         |                    |
| At 31 August 2017                      | <u>217,357</u>                          | <u>33,753</u>                          | <u>19,219</u>                   | <u>50,803</u>                                           | <u>321,132</u>     |
| At 31 August 2016                      | <u>258,918</u>                          | <u>55,657</u>                          | <u>27,856</u>                   | <u>38,059</u>                                           | <u>380,490</u>     |

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**VIDECON HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Fixed asset investments****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name            | Class of shares | Holding | Principal activity                   |
|-----------------|-----------------|---------|--------------------------------------|
| Videcon Limited | Ordinary A      | 100 %   | Security systems service activities. |

The aggregate of the share capital and reserves as at 31 August 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

|                 | Aggregate<br>of share<br>capital and<br>reserves<br>£ | Profit<br>£    |
|-----------------|-------------------------------------------------------|----------------|
| Videcon Limited | 5,513,644                                             | 643,309        |
|                 | <u>5,513,644</u>                                      | <u>643,309</u> |
| <b>Company</b>  |                                                       |                |

|                          | Investments<br>in<br>subsidiary<br>company<br>£ |
|--------------------------|-------------------------------------------------|
| <b>Cost or valuation</b> |                                                 |
| At 1 September 2016      | 14,472,726                                      |
| At 31 August 2017        | <u>14,472,726</u>                               |
| <b>Net book value</b>    |                                                 |
| At 31 August 2017        | 14,472,726                                      |
| At 31 August 2016        | <u>14,472,726</u>                               |

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**VIDECON HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Stocks**

|                                     | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>As restated<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>As restated<br/>2016<br/>£</b> |
|-------------------------------------|-----------------------------|---------------------------------------------|-------------------------------|-----------------------------------------------|
| Finished goods and goods for resale | 2,479,283                   | 2,570,619                                   | -                             | -                                             |
|                                     | <u>2,479,283</u>            | <u>2,570,619</u>                            | <u>-</u>                      | <u>-</u>                                      |

Stock recognised in cost of sales during the year as an expense was £8,484,234 (2016: £9,495,134).

**18. Debtors**

|                                | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Trade debtors                  | 4,175,634                   | 3,162,703                   | -                             | -                             |
| Other debtors                  | 487,099                     | 327,223                     | -                             | -                             |
| Prepayments and accrued income | 336,008                     | 812,148                     | -                             | -                             |
|                                | <u>4,998,741</u>            | <u>4,302,074</u>            | <u>-</u>                      | <u>-</u>                      |

**19. Cash and cash equivalents**

|                          | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 2,001,782                   | 2,159,343                   | 1,142,713                     | 1,118,807                     |
| Less: bank overdraft     | (708,358)                   | (229,373)                   | -                             | -                             |
|                          | <u>1,293,424</u>            | <u>1,929,970</u>            | <u>1,142,713</u>              | <u>1,118,807</u>              |

At the year end £1,111,408 (2016: £1,111,408) of cash was held in escrow by the bank in order to pay certain future potential liabilities.

**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Creditors: Amounts falling due within one year**

|                                            | Group<br>2017<br>£ | Group<br>As restated<br>2016<br>£ | Company<br>2017<br>£ | Company<br>As restated<br>2016<br>£ |
|--------------------------------------------|--------------------|-----------------------------------|----------------------|-------------------------------------|
| Bank overdraft                             | 708,358            | 229,373                           | -                    | -                                   |
| Bank loan and invoice discounting facility | 4,908,435          | 6,251,553                         | 1,020,000            | 2,640,000                           |
| Other loan                                 | 250,000            | 250,000                           | -                    | -                                   |
| Trade creditors                            | 1,723,762          | 1,840,527                         | -                    | -                                   |
| Amounts owed to group undertakings         | -                  | -                                 | 5,393,148            | 6,126,898                           |
| Corporation tax                            | 695,798            | 475,148                           | -                    | -                                   |
| Other taxation and social security         | 321,300            | 238,228                           | -                    | -                                   |
| Other creditors                            | 348,166            | 15,965                            | -                    | -                                   |
| Accruals and deferred income               | 1,663,598          | 1,679,498                         | -                    | -                                   |
|                                            | <u>10,619,417</u>  | <u>10,980,292</u>                 | <u>6,413,148</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 £2,751,691 (2016: £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.

The bank overdraft of £708,358 (2016 - £229,373) is secured against the Group's current assets.

Accruals include a provision for warranty and credit notes totalling £1,138,940 (2016: £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<br>2017<br>£ | Group<br>2016<br>£ | Company<br>2017<br>£ | Company<br>2016<br>£ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Bank loan                          | 900,000            | -                  | 900,000              | -                    |
| Other loan                         | 160,000            | 500,000            | -                    | -                    |
| Amounts owed to group undertakings | -                  | -                  | 1,235,835            | -                    |
|                                    | <u>1,060,000</u>   | <u>500,000</u>     | <u>2,135,835</u>     | <u>-</u>             |

The other loan of £160,000 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 YEAR ENDED 31 AUGUST 2017

#### 22. Loans

|                                            | Group<br>2017<br>£ | Group<br>2016<br>£ | Company<br>2017<br>£ | Company<br>2016<br>£ |
|--------------------------------------------|--------------------|--------------------|----------------------|----------------------|
| <b>Amounts falling due within one year</b> |                    |                    |                      |                      |
| Bank loan and invoice discounting facility | 4,908,435          | 6,251,553          | 1,020,000            | 2,640,000            |
| Other loan                                 | 250,000            | 250,000            | -                    | -                    |
|                                            | <u>5,158,435</u>   | <u>6,501,553</u>   | <u>1,020,000</u>     | <u>2,640,000</u>     |
| <b>Amounts falling due 1-2 years</b>       |                    |                    |                      |                      |
| Bank loan                                  | 720,000            | -                  | 720,000              | -                    |
| <b>Amounts falling due 2-5 years</b>       |                    |                    |                      |                      |
| Bank loan                                  | 180,000            | -                  | 180,000              | -                    |
| Other loan                                 | 160,000            | 500,000            | -                    | -                    |
|                                            | <u>6,218,435</u>   | <u>7,001,553</u>   | <u>1,920,000</u>     | <u>2,640,000</u>     |

#### 23. Financial instruments

|                                                                       | Group<br>2017<br>£  | Group<br>As restated<br>2016<br>£ | Company<br>2017<br>£ | Company<br>As restated<br>2016<br>£ |
|-----------------------------------------------------------------------|---------------------|-----------------------------------|----------------------|-------------------------------------|
| <b>Financial assets</b>                                               |                     |                                   |                      |                                     |
| Financial assets measured at fair value through profit or loss        | 2,001,782           | 2,159,343                         | 1,142,713            | 1,118,807                           |
| Financial assets that are debt instruments measured at amortised cost | 4,662,734           | 3,489,926                         | -                    | -                                   |
|                                                                       | <u>6,664,516</u>    | <u>5,649,269</u>                  | <u>1,142,713</u>     | <u>1,118,807</u>                    |
| <b>Financial liabilities</b>                                          |                     |                                   |                      |                                     |
| Financial liabilities measured at amortised cost                      | (10,318,679)        | (10,758,624)                      | (8,548,983)          | (8,766,898)                         |
|                                                                       | <u>(10,318,679)</u> | <u>(10,758,624)</u>               | <u>(8,548,983)</u>   | <u>(8,766,898)</u>                  |

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

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

Financial liabilities measured at amortised cost comprise all creditors, excluding taxation and social security costs.

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**VIDECON HOLDINGS LIMITED**

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

|                                      | <b>2017</b><br><b>£</b> | <b>2016</b><br><b>£</b> |
|--------------------------------------|-------------------------|-------------------------|
| At beginning of year                 | (23,080)                | -                       |
| Charged to profit or loss            | 8,934                   | (34,548)                |
| Balance on acquisition of subsidiary | -                       | 11,468                  |
| <b>At end of year</b>                | <b>(14,146)</b>         | <b>(23,080)</b>         |

The provision for deferred taxation is made up as follows:

|                                | <b>Group</b><br><b>2017</b><br><b>£</b> | <b>Group</b><br><b>2016</b><br><b>£</b> |
|--------------------------------|-----------------------------------------|-----------------------------------------|
| Accelerated capital allowances | (18,456)                                | (27,237)                                |
| Other item                     | 4,310                                   | 4,157                                   |
|                                | <b>(14,146)</b>                         | <b>(23,080)</b>                         |

**25. Share capital**

|                                           | <b>2017</b><br><b>£</b> | <b>As restated</b><br><b>2016</b><br><b>£</b> |
|-------------------------------------------|-------------------------|-----------------------------------------------|
| <b>Shares classified as equity</b>        |                         |                                               |
| <b>Allotted, called up and fully paid</b> |                         |                                               |
| 24,643 Ordinary shares of £1 each         | 24,643                  | 24,643                                        |
| 1 Ordinary A share of £1                  | 1                       | 1                                             |
| 1 Ordinary B share of £1                  | 1                       | 1                                             |
| 1 Ordinary C share of £1                  | 1                       | 1                                             |
| 1 Ordinary D share of £1                  | 1                       | 1                                             |
| 1 Other Ordinary share of £1              | 1                       | 1                                             |
|                                           | <b>24,648</b>           | <b>24,648</b>                                 |

The shares rank pari passu in all respects other than distribution of dividends.

**NOTES TO THE FINANCIAL STATEMENTS  
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**26. Reserves**

**Share premium account**

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. Prior year adjustment**

During the year, it was noted that the Group recognised certain items of stock at the date of purchase order, rather than the date the stock was transferred onto water. As ownership had not transferred to the Group until the stock was on the water, an adjustment was made to exclude the asset (stock) and the liability (trade creditors) in the prior year balance sheet. This adjustment has resulted in the comparative figures being reduced by £653,003 for closing stock and trade creditors, with no net effect on the opening net assets

**28. 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 company amounting to £638,520. The company has paid amounts of £638,520 to HMRC to settle the Advanced Payment Notifications and has been included in the Statement of Comprehensive Income as an exceptional item.

Based on information received from their advisors and based on similar market events, the Group may be liable for a further settlement. £1.1m is held in escrow by the bank to cover the liability.

**29. 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 year amounted to £30,633 (2016 - £34,276). Contributions totalling £2,261 (2016: £7,185) were payable to the fund at the year end and are included in other creditors.

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**VIDECON HOLDINGS LIMITED**

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

At 31 August 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

|                                              | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> |
|----------------------------------------------|-----------------------------|-----------------------------|
| Not later than 1 year                        | 271,360                     | 297,541                     |
| Later than 1 year and not later than 5 years | 961,953                     | 992,478                     |
| Later than 5 years                           | 3,020,000                   | 3,122,857                   |
|                                              | <u>4,253,313</u>            | <u>4,412,876</u>            |

The total value of lease payments recognised as an expense during the period was £312,558 (2016: £322,530).

**31. Other financial commitments**

The Group's bankers have issued a guarantee for ongoing VAT liabilities of £150,000 (2016 - £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.

**32. Related party transactions**

During the year, the Group had loan balances with Andy Croston, a Director of the Group. The maximum loan balance outstanding during the year was £340,000 (£221,045).

During the year, the Group paid rent and service charges of £240,000 (2016: £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.

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

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

|             | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|-------------|-------------------|-------------------|
| A C Croston | 77,912            | 36,692            |
|             | <u>77,912</u>     | <u>36,692</u>     |

**33. Controlling party**

The ultimate controlling party is A C Croston.