

Veedol UK Limited

Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 31st March 2020

Veedol UK Limited

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for the Year Ended 31st March 2020**

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Veedol UK Limited

Company Information
for the Year Ended 31st March 2020

DIRECTORS:

R N Ghosal
S Sthanunathan
S Vaidya

REGISTERED OFFICE:

Unit 29
Goldthorpe Industrial Estate
Goldthorpe
Rotherham
South Yorkshire
S63 9BL

REGISTERED NUMBER:

03564422 (England and Wales)

AUDITORS:

Hewson & Howson Statutory Auditors
8 Shepcote Office Village
Shepcote Lane
Sheffield
South Yorkshire
S9 1TG

Veedol UK Limited

Group Strategic Report
for the Year Ended 31st March 2020

The directors present their strategic report of the company and the group for the year ended 31st March 2020.

The principal activity of the group in the year under review was that of the manufacture and sale of products to the automotive aftermarket.

REVIEW OF BUSINESS

The group has continued to perform well given the difficult market conditions.

Significant progress has been made in the period, laying down the foundations for further expansion in terms of production and storage capacity in addition to focusing on overall efficiencies.

IT continues to be at the centre of any development, providing accurate and on time information in all areas of the business.

The groups key financial performance indicators during the year were as follows:

	Unit	2020	2019
Turnover	£	13,066,104	12,234,501
Gross Profit Margin	%	33.93	31.71
Profit before tax	£	1,125,819	945,454

PRINCIPAL RISKS AND UNCERTAINTIES

The business' activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors, loans to the business and finance lease agreements. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors. Credit insurance is an added safeguard.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The group manages foreign currency risk by holding accounts and balances in multiple currencies. The vast majority of sales are billed in the group's base currency £sterling.

ON BEHALF OF THE BOARD:



R N Ghosal - Director

Date: 22-06-20

Veedol UK Limited

Report of the Directors **for the Year Ended 31st March 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2020.

DIVIDENDS

A final dividend of £6.50 per share on the Ordinary £1 shares was paid on 20th June 2019 in respect of the year ended 31st March 2019.

An interim dividend of £7.00 per share on the Ordinary £1 shares was paid on 10th March 2020 in respect of the year ended 31st March 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2019 to the date of this report.

R N Ghosal
S Sthanunathan
S Vaidya

BUSINESS RISK AND UNCERTAINTIES

In common with all businesses the group's activities for the foreseeable future will be affected by the social and economic consequences of the COVID-19 pandemic. It is impossible to predict with any degree of certainty the extent and duration of how this will change the business sector in which this group operates, but clearly there is a material change to the principal business risks and uncertainties faced.

The extent to which the COVID-19 pandemic will impact the Group's business will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any further action to contain its spread or mitigate its impact whether government-mandated or elected by the Group. Management has undertaken a detailed assessment of its liquidity position for the next one year and of the recoverability and carrying value of its assets as at the Balance sheet date, and has concluded that there are no material adjustments required in these financial statements. Management believes that it has taken into account all of the possible impacts of known events arising from the COVID-19 pandemic in the preparation of these financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration, and might be different from that estimated as at the date of approval of these financial statements. The Group will continue to monitor any material changes to the future economic conditions.*

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Yeedol UK Limited

Report of the Directors
for the Year Ended 31st March 2020

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Hewson & Howson Statutory Auditors, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
R N Ghosal - Director

Date: 22-06-20

**Report of the Independent Auditors to the Members of
Veedol UK Limited**

Opinion

We have audited the financial statements of Veedol UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st March 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated , the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
Veedol UK Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

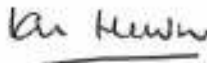
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Ian Hewson (Senior Statutory Auditor)
for and on behalf of Hewson & Howson Statutory Auditors
8 Shepcote Office Village
Shepcote Lane
Sheffield
South Yorkshire
S9 1TG

Date: 22 June 2020

Veedol UK Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31st March 2020

	Notes	31.3.20 £	31.3.19 £
CONTINUING OPERATIONS			
Revenue		13,066,104	12,234,501
Cost of sales		(8,632,468)	(8,355,521)
GROSS PROFIT		4,433,636	3,878,980
Other operating income		19,732	39,772
Distribution costs		(465,176)	(432,141)
Administrative expenses		(2,848,989)	(2,525,610)
OPERATING PROFIT		1,139,203	961,001
Finance costs	4	(14,192)	(16,375)
Finance income	4	808	828
PROFIT BEFORE INCOME TAX	5	1,125,819	945,454
Income tax	6	(230,698)	(194,130)
PROFIT FOR THE YEAR		895,121	751,324
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		895,121	751,324
Profit attributable to: Owners of the parent		895,121	751,324
Total comprehensive income attributable to: Owners of the parent		895,121	751,324
Earnings per share expressed in pence per share:	9		
Basic		2362.11	1982.65
Diluted		2362.11	1982.65

The notes form part of these financial statements

Consolidated Statement of Financial Position
31st March 2020

	Notes	31.3.20 £	31.3.19 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	10	-	654
Property, plant and equipment	11	2,933,467	1,598,393
Right-of-use			
Property, plant and equipment	11, 20	137,163	182,884
Investments	12	-	-
Trade and other receivables	14	-	40,000
		<u>3,070,630</u>	<u>1,821,931</u>
CURRENT ASSETS			
Inventories	13	2,199,244	2,123,546
Trade and other receivables	14	2,870,179	3,062,540
Tax receivable		172,670	-
Cash and cash equivalents	15	79,446	68,568
		<u>5,321,539</u>	<u>5,254,654</u>
TOTAL ASSETS		<u>8,392,169</u>	<u>7,076,585</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	37,895	37,895
Share premium	17	5,605	5,605
Fair value reserve	17	152,890	163,374
Retained earnings	17	4,162,720	3,768,698
TOTAL EQUITY		<u>4,359,110</u>	<u>3,975,572</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	19	85,727	126,876
Deferred tax	21	116,361	54,088
		<u>202,088</u>	<u>180,964</u>
CURRENT LIABILITIES			
Trade and other payables	18	2,882,659	2,109,472
Financial liabilities - borrowings			
Bank overdrafts	19	789,738	679,620
Interest bearing loans and borrowings	19	41,149	41,148
Tax payable		117,425	89,809
		<u>3,830,971</u>	<u>2,920,049</u>
TOTAL LIABILITIES		<u>4,033,059</u>	<u>3,101,013</u>
TOTAL EQUITY AND LIABILITIES		<u>8,392,169</u>	<u>7,076,585</u>

The notes form part of these financial statements

Veedol UK Limited (Registered number: 03564422)

Consolidated Statement of Financial Position - continued
31st March 2020

The financial statements were approved by the Board of Directors and authorised for issue on
22-06-20 and were signed on its behalf by:



.....
R N Ghosal - Director

The notes form part of these financial statements

Veedol UK Limited (Registered number: 03564422)

Company Statement of Financial Position
31st March 2020

	Notes	31.3.20 £	31.3.19 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	10	-	-
Property, plant and equipment	11	-	-
Right-of-use			
Investments	12	79,157	79,157
		<u>79,157</u>	<u>79,157</u>
CURRENT ASSETS			
Cash and cash equivalents	15	48,611	26,519
TOTAL ASSETS		<u>127,768</u>	<u>105,676</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	16	37,895	37,895
Share premium	17	5,605	5,605
Retained earnings	17	84,268	62,176
TOTAL EQUITY		<u>127,768</u>	<u>105,676</u>
LIABILITIES			
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES		<u>127,768</u>	<u>105,676</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22-06-20 and were signed on its behalf by:



R N Ghosal - Director

The notes form part of these financial statements

Veedol UK Limited

Consolidated Statement of Changes in Equity
for the Year Ended 31st March 2020

	Called up share capital £	Retained earnings £	Share premium £	Fair value reserve £	Total equity £
Balance at 1st April 2018	37,895	3,491,947	5,605	173,858	3,709,305
Changes in equity					
Dividends	-	(485,057)	-	-	(485,057)
Total comprehensive income	-	761,808	-	(10,484)	751,324
Balance at 31st March 2019	<u>37,895</u>	<u>3,768,698</u>	<u>5,605</u>	<u>163,374</u>	<u>3,975,572</u>
Changes in equity					
Dividends	-	(511,583)	-	-	(511,583)
Total comprehensive income	-	905,605	-	(10,484)	895,121
Balance at 31st March 2020	<u>37,895</u>	<u>4,162,720</u>	<u>5,605</u>	<u>152,890</u>	<u>4,359,110</u>

The notes form part of these financial statements

Veedol UK Limited

Company Statement of Changes in Equity
for the Year Ended 31st March 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1st April 2018	37,895	16,587	5,605	60,087
Changes in equity				
Dividends	-	(485,057)	-	(485,057)
Total comprehensive income	-	530,646	-	530,646
Balance at 31st March 2019	<u>37,895</u>	<u>62,176</u>	<u>5,605</u>	<u>105,676</u>
Changes in equity				
Dividends	-	(511,583)	-	(511,583)
Total comprehensive income	-	533,675	-	533,675
Balance at 31st March 2020	<u>37,895</u>	<u>84,268</u>	<u>5,605</u>	<u>127,768</u>

The notes form part of these financial statements

Veedol UK Limited

Consolidated Statement of Cash Flows
for the Year Ended 31st March 2020

	Notes	31.3.20 £	31.3.19 £
Cash flows from operating activities			
Cash generated from operations	1	2,338,780	1,009,083
Interest paid		(10,300)	(12,048)
Lease interest paid		(3,892)	(4,327)
Tax paid		(313,479)	(260,828)
Net cash from operating activities		<u>2,011,109</u>	<u>731,880</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,560,624)	(128,791)
Sale of tangible fixed assets		2,200	18,901
Interest received		808	828
Net cash from investing activities		<u>(1,557,616)</u>	<u>(109,062)</u>
Cash flows from financing activities			
Payment of lease liabilities		(41,150)	168,024
Equity dividends paid		(511,583)	(485,057)
Net cash from financing activities		<u>(552,733)</u>	<u>(317,033)</u>
(Decrease)/increase in cash and cash equivalents		<u>(99,240)</u>	<u>305,785</u>
Cash and cash equivalents at beginning of year	2	(611,052)	(916,837)
Cash and cash equivalents at end of year	2	<u><u>(710,292)</u></u>	<u><u>(611,052)</u></u>

The notes form part of these financial statements

Yeedol UK Limited

Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31st March 2020

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	31.3.20	31.3.19
	£	£
Profit before income tax	1,125,819	945,454
Depreciation charges	271,927	219,451
Profit on disposal of fixed assets	(2,200)	(8,050)
Finance costs	14,192	16,375
Finance income	(808)	(828)
	1,408,930	1,172,402
Increase in inventories	(75,698)	(128,887)
Decrease in trade and other receivables	232,361	128,696
Increase/(decrease) in trade and other payables	773,187	(163,128)
Cash generated from operations	<u>2,338,780</u>	<u>1,009,083</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	79,446	68,568
Bank overdrafts	(789,738)	(679,620)
	<u>(710,292)</u>	<u>(611,052)</u>

Year ended 31st March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	68,568	171,621
Bank overdrafts	(679,620)	(1,088,458)
	<u>(611,052)</u>	<u>(916,837)</u>

The notes form part of these financial statements

Veedol UK Limited

Notes to the Consolidated Financial Statements **for the Year Ended 31st March 2020**

1. STATUTORY INFORMATION

Veedol UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with those parts of the Companies Act 2006 applicable to company's reporting under IFRS.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking drawn up to 31st March 2019.

The subsidiary undertaking is included using the acquisitions method of accounting. Under this method the group statement of comprehensive income and statement of cashflows include the results and cashflows of its subsidiary from the date of acquisition and to the date of sale outside the group in the case of disposal of the subsidiary. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- in accordance with the property
Plant and machinery	- Straight line between 1 and 15 years
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- at varying rates on cost

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Veedol UK Limited

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31st March 2020**

2. ACCOUNTING POLICIES - continued

Employee benefit costs

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to that liability component are charged as interest expense in the profit and loss account.

Hire purchase and leasing commitments

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

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives.

Critical accounting judgements and estimates

The preparation of financial statements under IFRS requires management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

The following items are those that management considers to be critical due to the level of judgement and estimation required:

Inventories

Having regard to the uncertainties arising from the continuing economic consequences of COVID-19, management have exercised their judgement in determining the extent to which inventories held at the balance sheet date are properly valued according to the accounting policy of making due allowance for obsolete and slow moving items. The directors have applied estimates to help them determine the extent to which such provisions have been made in these financial statements,

3. EMPLOYEES AND DIRECTORS

	31.3.20	31.3.19
	£	£
Wages and salaries	1,252,802	1,201,708
Social security costs	128,310	122,058
Other pension costs	28,271	26,124
	<u>1,409,383</u>	<u>1,349,890</u>

Veedol UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020**

3. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	31.3.20	31.3.19
Administration and support	10	10
Sales, marketing and distribution	27	27
	<u>37</u>	<u>37</u>

	31.3.20 £	31.3.19 £
Directors' remuneration	50,926	127,008
Directors' pension contributions to money purchase schemes	930	2,320
	<u>50,926</u>	<u>127,008</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

4. NET FINANCE COSTS

	31.3.20 £	31.3.19 £
Finance income:		
Deposit account interest	808	828
	<u>808</u>	<u>828</u>
Finance costs:		
Bank loan interest	10,300	12,048
Hire purchase	3,892	4,327
	<u>14,192</u>	<u>16,375</u>
Net finance costs	<u>13,384</u>	<u>15,547</u>

5. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	31.3.20 £	31.3.19 £
Cost of inventories recognised as expense	8,632,468	8,355,521
Depreciation - owned assets	225,550	173,730
Depreciation - assets on hire purchase contracts	45,721	45,721
Profit on disposal of fixed assets	(2,200)	(8,050)
Patents and licences amortisation	654	-
Auditors' remuneration	10,000	10,000
	<u>8,911,193</u>	<u>8,566,922</u>

Veedol UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020

6. INCOME TAX

Analysis of tax expense

	31.3.20	31.3.19
	£	£
Current tax:		
Tax	168,425	192,749
Deferred tax	62,273	1,381
Total tax expense in consolidated statement of profit or loss and other comprehensive income	<u>230,698</u>	<u>194,130</u>

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.20	31.3.19
	£	£
Profit before income tax	<u>1,125,819</u>	<u>945,454</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	213,906	179,636
Effects of:		
Deferred tax movement	62,273	1,381
Disallowed expenses	-	28
Excess of depreciation over capital allowances	(47,538)	13,085
Losses carried forward	2,057	-
Tax expense	<u>230,698</u>	<u>194,130</u>

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £533,675 (2019 - £530,646).

8. DIVIDENDS

	31.3.20	31.3.19
	£	£
Ordinary shares of £1 each		
Dividends paid in the year	<u>511,583</u>	<u>485,057</u>

Veedol UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings £	31.3.20 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	895,121	37,895	2362.11
Effect of dilutive securities	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Diluted EPS			
Adjusted earnings	895,121	37,895	2362.11
	<u> </u>	<u> </u>	<u> </u>

	Earnings £	31.3.19 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	751,324	37,895	1982.65
Effect of dilutive securities	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Diluted EPS			
Adjusted earnings	751,324	37,895	1982.65
	<u> </u>	<u> </u>	<u> </u>

Veedol UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020**

10. INTANGIBLE ASSETS

Group

	Patents and licences £
COST	
At 1st April 2019 and 31st March 2020	92,303
AMORTISATION	
At 1st April 2019	91,649
Amortisation for year	654
At 31st March 2020	92,303
NET BOOK VALUE	
At 31st March 2020	-
At 31st March 2019	654

11. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1st April 2019	1,815,255	1,455,275	142,499	87,312	3,500,341
Additions	954,082	578,748	-	27,794	1,560,624
Disposals	-	-	(120,561)	(11,989)	(132,550)
At 31st March 2020	2,769,337	2,034,023	21,938	103,117	4,928,415
DEPRECIATION					
At 1st April 2019	536,373	998,892	135,404	48,395	1,719,064
Charge for year	77,548	160,473	3,656	29,594	271,271
Eliminated on disposal	-	-	(120,561)	(11,989)	(132,550)
At 31st March 2020	613,921	1,159,365	18,499	66,000	1,857,785
NET BOOK VALUE					
At 31st March 2020	2,155,416	874,658	3,439	37,117	3,070,630
At 31st March 2019	1,278,882	456,383	7,095	38,917	1,781,277

The directors have considered the carrying value of all fixed assets as at 31st March 2020 and in their opinion the net book value of assets represents their fair value.

Veedol UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020

11. PROPERTY, PLANT AND EQUIPMENT - continued

Group

Cost or valuation at 31st March 2020 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2009	227,098	-	-	-	227,098
Cost	2,542,239	2,034,023	21,938	103,117	4,701,317
	<u>2,769,337</u>	<u>2,034,023</u>	<u>21,938</u>	<u>103,117</u>	<u>4,928,415</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	31.3.20 £	31.3.19 £
Cost	<u>2,542,239</u>	<u>1,588,157</u>
Aggregate depreciation	<u>539,713</u>	<u>472,649</u>
Value of land in freehold land and buildings	<u>50,000</u>	<u>50,000</u>

12. INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1st April 2019 and 31st March 2020	<u>79,157</u>
NET BOOK VALUE	
At 31st March 2020	<u>79,157</u>
At 31st March 2019	<u>79,157</u>

Veedol UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020

12. INVESTMENTS - continued

Company

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary

Granville Oil & Chemicals Limited

Registered office:

Nature of business: Automotive aftermarket

	%		
	holding		
Class of shares:	100.00		
Ordinary		31.3.20	31.3.19
		£	£
Aggregate capital and reserves		4,310,499	3,949,053
Profit for the year		905,950	765,117
		<u> </u>	<u> </u>

13. INVENTORIES

	Group	
	31.3.20	31.3.19
	£	£
Stocks	558,604	472,647
Finished goods	1,640,640	1,650,899
	<u>2,199,244</u>	<u>2,123,546</u>

14. TRADE AND OTHER RECEIVABLES

	Group	
	31.3.20	31.3.19
	£	£
Current:		
Trade debtors	2,744,012	2,873,198
Prepayments and accrued income	126,167	189,342
	<u>2,870,179</u>	<u>3,062,540</u>
Non-current:		
Other debtors	-	40,000
	<u> </u>	<u> </u>
Aggregate amounts	<u>2,870,179</u>	<u>3,102,540</u>

Veedol UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.3.20	31.3.19	31.3.20	31.3.19
	£	£	£	£
Cash in hand	1,598	413	-	-
Bank accounts	77,848	68,155	48,611	26,519
	<u>79,446</u>	<u>68,568</u>	<u>48,611</u>	<u>26,519</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.20	31.3.19
			£	£
37,895	Ordinary	£1	<u>37,895</u>	<u>37,895</u>

17. RESERVES

Group

	Retained earnings	Share premium	Fair value reserve	Totals
	£	£	£	£
At 1st April 2019	3,768,698	5,605	163,374	3,937,677
Profit for the year	895,121			895,121
Dividends	(511,583)			(511,583)
Transfer of realised profit	10,484	-	(10,484)	-
At 31st March 2020	<u>4,162,720</u>	<u>5,605</u>	<u>152,890</u>	<u>4,321,215</u>

Company

	Retained earnings	Share premium	Totals
	£	£	£
At 1st April 2019	62,176	5,605	67,781
Profit for the year	533,675		533,675
Dividends	(511,583)		(511,583)
At 31st March 2020	<u>84,268</u>	<u>5,605</u>	<u>89,873</u>

Veedol UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020

18. TRADE AND OTHER PAYABLES

	31.3.20	Group 31.3.19
	£	£
Current:		
Trade creditors	2,450,045	1,794,200
Social security and other taxes	64,918	26,239
Accruals and deferred income	367,696	289,033
	<u>2,882,659</u>	<u>2,109,472</u>

19. FINANCIAL LIABILITIES - BORROWINGS

	31.3.20	Group 31.3.19
	£	£
Current:		
Bank overdrafts	789,738	679,620
Leases (see note 20)	41,149	41,148
	<u>830,887</u>	<u>720,768</u>
Non-current:		
Leases (see note 20)	<u>85,727</u>	<u>126,876</u>

Terms and debt repayment schedule

Group

	1 year or less £	1-2 years £	2-5 years £	Totals £
Bank overdrafts	789,738	-	-	789,738
Leases	41,149	41,149	44,578	126,876
	<u>830,887</u>	<u>41,149</u>	<u>44,578</u>	<u>916,614</u>

The bank overdraft is secured by fixed and floating charge over the assets of the company.

Veedol UK Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020**

20. LEASING

Group
Right-of-use assets

Property, plant and equipment

	31.3.20	31.3.19
	£	£
COST		
At 1st April 2019	228,605	-
Reclassification/transfer	-	228,605
	<u>228,605</u>	<u>228,605</u>
 DEPRECIATION		
At 1st April 2019	45,721	-
Charge for year	45,721	45,721
	<u>91,442</u>	<u>45,721</u>
 NET BOOK VALUE	 <u><u>137,163</u></u>	 <u><u>182,884</u></u>

Group
Lease liabilities

Minimum lease payments fall due as follows:

	31.3.20	31.3.19
	£	£
Gross obligations repayable:		
Within one year	45,041	45,040
Between one and five years	93,822	138,863
	<u>138,863</u>	<u>183,903</u>
 Finance charges repayable:		
Within one year	3,892	3,892
Between one and five years	8,095	11,987
	<u>11,987</u>	<u>15,879</u>
 Net obligations repayable:		
Within one year	41,149	41,148
Between one and five years	85,727	126,876
	<u>126,876</u>	<u>168,024</u>

Veedol UK Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st March 2020

21. DEFERRED TAX

Group

	31.3.20	31.3.19
	£	£
Balance at 1st April	54,088	52,707
Charge for the period	62,273	1,381
Balance at 31st March	116,361	54,088

22. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Tide Water Oil Co. (India) Ltd.

23. CAPITAL COMMITMENTS

At the balance sheet date there was an estimated £952,027 capital expenditure commitment that was contracted for but not provided in these financial statements.

24. RELATED PARTY DISCLOSURES

The group charged Veedol International Limited (VIL) £20,437 (2019: £17,400) in respect of consultancy services. At the balance sheet date VIL owed the group £4,800 (2019: £nil). The group was charged by VIL £14,188 (2019: £19,346) in respect of royalties. At the balance sheet date the group owed VIL £7,610 (2019: £1,385).

The group charged Veedol International BV (VIBV) £nil (2019: £8,036) in respect of consultancy services. At the balance sheet date VIBV owed the group £nil (2019: £nil).

The group charged Veedol Deutschland GMBH (VDG) £25,404 (2019: £5,086) in respect of consultancy services. At the balance sheet date VDG owed the group £nil (2019: £nil).

The group charged Veedol International DMCC (VID) £380,176 (2019: £679,896) in respect of materials. At the balance sheet date VID owed the group £49,303 (2019: £265,193).

The group charged Veedol International Americas (VIA) £192,162 (2019: £nil) in respect of materials. At the balance sheet date VIA owed the group £83,055 (2019: £nil).

Veedol UK Limited

Consolidated Income Statement Summaries
for the Year Ended 31st March 2020

	31.3.20 £	31.3.19 £
REVENUE		
Sales	10,022,775	9,246,145
Sales, Europe	1,281,221	971,780
Sales, rest of world	1,628,577	1,862,651
Management charges receivable	133,531	153,925
	<hr/> 13,066,104	<hr/> 12,234,501
COST OF SALES		
Opening stock	472,647	413,436
Opening finished goods	1,650,899	1,581,221
Purchases	8,190,841	8,064,283
Other direct costs	517,325	420,127
Closing stock	(558,604)	(472,647)
Closing finished goods	(1,640,640)	(1,650,899)
	<hr/> 8,632,468	<hr/> 8,355,521
OTHER OPERATING INCOME		
Rents received	19,732	39,772
	<hr/> 19,732	<hr/> 39,772
DISTRIBUTION COSTS		
Haulage	465,176	432,141
	<hr/> 465,176	<hr/> 432,141

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Veedol UK Limited

Consolidated Income Statement Summaries
for the Year Ended 31st March 2020

	31.3.20	31.3.19
	£	£
ADMINISTRATIVE EXPENSES		
Establishment costs		
Rent	47,608	46,790
Rates and water	68,657	66,574
Insurance	57,912	84,284
Light and heat	33,904	39,132
Administrative expenses		
Directors' salaries	50,926	117,018
Directors' pension contributions	930	2,320
Wages	1,201,876	1,084,690
Social security	128,310	122,058
Pensions	27,341	23,804
Sales commission	260,892	260,288
Telephone	5,569	8,194
Post and stationery	6,760	5,077
Advertising	43,558	35,929
Travelling	9,507	12,372
Motor expenses	39,292	41,653
Repairs and renewals	155,145	94,729
Sundry expenses	44,953	49,560
Bad debts	257,354	90,365
Accountancy	12,400	2,400
Legal & consultancy fees	79,195	93,993
Auditors' remuneration	10,000	10,000
Amortisation of intangible fixed assets		
Patents and licences	654	-
Depreciation of tangible fixed assets		
Freehold property	77,548	76,138
Plant and machinery	160,473	116,972
Fixtures and fittings	3,657	3,292
Motor vehicles	29,595	23,049
Profit/loss on sale of tangible fixed assets	(2,200)	(8,050)
Finance costs		
Bank charges	23,426	19,998
Exchange gains/losses	13,747	2,981
	<u>2,848,989</u>	<u>2,525,610</u>
 FINANCE COSTS		
Bank loan interest	10,300	12,048
Hire purchase	3,892	4,327
	<u>14,192</u>	<u>16,375</u>
 FINANCE INCOME		
Deposit account interest	808	828
	<u>808</u>	<u>828</u>

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