

**Company Registration No. 03752573 (England and Wales)**

**VEGA INDUSTRIES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**ATKINS & PARTNERS**  
**CHARTERED ACCOUNTANTS**

## VEGA INDUSTRIES LIMITED

### COMPANY INFORMATION

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | B. K. Shah<br>P. R. Shah<br>H. K. Patel<br>R. A. Gilani   |
| <b>Company number</b>    | 03752573  |
| <b>Registered office</b> | Suite 3, 1st Floor<br>Congress House<br>14 Lyon Road<br>Harrow<br>Middlesex<br>HA1 2EN  |
| <b>Auditors</b>          | Atkins & Partners<br>Chartered Accountants<br>4th Floor, Suite 2 B<br>Congress House, Lyon Road<br>Harrow<br>Middlesex<br>HA1 2EN |
| <b>Bankers</b>           | HSBC Bank plc<br>184 High Street<br>Bromley<br>Kent<br>BR1 1HE  |
|                          | Emirates NBD Bank (PJSC)<br>Baniyas Road<br>Deira<br>P. O. Box 777<br>Dubai<br>UAE  |
|                          | Citi Bank<br>Citigroup Centre<br>Canada Square<br>Canary Wharf<br>London<br>E14 5LB   |

# VEGA INDUSTRIES LIMITED

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# VEGA INDUSTRIES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

### Principal activities

The principal activity of the company continued to be that of importing and distribution of grinding media.

### Directors

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

B. K. Shah  
P. R. Shah  
H. K. Patel  
R. A. Gilani

### Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a dividend.

### Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations and in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial instruments.

**VEGA INDUSTRIES LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Statement of disclosure to auditors**

Each of the persons who is a director at the date of approval of the report confirms that:

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

In accordance with section 487(2) of the Companies Act 2006, a resolution proposing that Atkins & Partners, Chartered Accountants be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board



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**H. K. Patel**

**Director**

10 May 2017

# VEGA INDUSTRIES LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report and the audited financial statements for the year ended 31 March 2017.

### **Review of the business**

The directors are satisfied with the results for the year. The turnover has increased from £20.33 million to £25.61 million up by 26%. Gross profit margin has decreased from 7.63% in 2016 to 6.88% in 2017 which was within expectations. Net profit has increased from £252K to £628K helped by other operating income of £163K during the year and keeping overhead costs under control.

The company's liquidity at 31 March 2017 is slightly lower compared with previous year, with current ratio of 1.58 (2016 : 1.78) and a quick ratio of 1.17 (2016 : 1.26).

### **Principal risks and uncertainties:**

The company faces a number of business risks and uncertainties due to prevailing challenging global market conditions. In view of this the directors are looking carefully at both existing and potential new markets.

### **Future developments:**

The directors anticipate the business environment will remain competitive. They believe that the company is in a good financial position and they remain confident that the company will improve its trading performance in ensuing year.

### **Research and development:**

The company's ultimate parent undertaking is continually undertaking research and development to improve its product range.

### **Financial instruments:**

The company operates a treasury function which is responsible for managing the liquidity, foreign exchange risks, and interest risks associated with the company's activities.

### **Liquidity risk:**

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

### **Interest rate risk:**

The company is not exposed to cash flow interest rate risk on bank overdrafts and loans as it has no external bank borrowings. Excess funds are invested as appropriate to maximise interest income

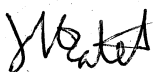
### **Foreign currency risk:**

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

### **Credit risk:**

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts where necessary.

On behalf of the board



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**H. K. Patel**

**Director**

10 May 2017

## VEGA INDUSTRIES LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGA INDUSTRIES LIMITED

We have audited the financial statements of VEGA INDUSTRIES LIMITED for the year ended 31 March 2017 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

**VEGA INDUSTRIES LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF VEGA INDUSTRIES LIMITED**

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

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

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



**Atul Thanawala FCA, CTA (Senior Statutory Auditor)  
for and on behalf of Atkins & Partners**

**Chartered Accountants  
Statutory Auditors**

4th Floor, Suite 2 B  
Congress House, Lyon Road  
Harrow  
Middlesex  
HA1 2EN

10 May 2017



**VEGA INDUSTRIES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

|  | Notes     | 2017<br>£             | 2016<br>£             |
|--|-----------|-----------------------|-----------------------|
| <b>Turnover</b>                                | <b>4</b>  | 25,608,345            | 20,328,836            |
| Cost of sales                                  |           | (23,845,769)          | (18,778,187)          |
| <b>Gross profit</b>                            |           | <u>1,762,576</u>      | <u>1,550,649</u>      |
| Administrative expenses                        |           | (1,297,964)           | (1,301,246)           |
| Other operating income                         |           | 163,377               | -                     |
| <b>Operating profit</b>                        | <b>5</b>  | <u>627,989</u>        | <u>249,403</u>        |
| Interest receivable and similar income         | <b>6</b>  | 186                   | 859                   |
| <b>Profit before taxation</b>                  |           | <u>628,175</u>        | <u>250,262</u>        |
| Taxation                                       | <b>7</b>  | (125,824)             | (49,976)              |
| <b>Profit for the financial year</b>           | <b>19</b> | <u>502,351</u>        | <u>200,286</u>        |
| <b>Total comprehensive income for the year</b> |           | <u><u>502,351</u></u> | <u><u>200,286</u></u> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

**VEGA INDUSTRIES LIMITED**

**BALANCE SHEET  
AS AT 31 MARCH 2017**

|   | Notes | £         | 2017<br>£   | £         | 2016<br>£   |
|---|-------|-----------|-------------|-----------|-------------|
| <b>Fixed assets</b>                                   |       |           |             |           |             |
| Tangible assets                                       | 8     |           | 21,330      |           | 23,497      |
| Investments   | 9     |           | 40,052      |           | 34,770      |
|   |       |           | 61,382      |           | 58,267      |
| <b>Current assets</b>                                 |       |           |             |           |             |
| Stocks  | 11    | 3,289,965 |             | 2,832,586 |             |
| Debtors   | 12    | 7,793,453 |             | 6,511,570 |             |
| Cash at bank and in hand                              |       | 1,846,495 |             | 308,285   |             |
|   |       |           | 12,929,913  |           | 9,652,441   |
| <b>Creditors: amounts falling due within one year</b> | 13    |           | (8,209,437) |           | (5,430,905) |
| Net current assets                                    |       |           | 4,720,476   |           | 4,221,536   |
| <b>Total assets less current liabilities</b>          |       |           | 4,781,858   |           | 4,279,803   |
| <b>Provisions for liabilities</b>                     | 15    |           | (3,641)     |           | (3,937)     |
| <b>Net assets</b>                                     |       |           | 4,778,217   |           | 4,275,866   |
| <b>Capital and reserves</b>                           |       |           |             |           |             |
| Called up share capital                               | 18    |           | 10,000      |           | 10,000      |
| Profit and loss reserves                              | 19    |           | 4,768,217   |           | 4,265,866   |
| <b>Total equity</b>                                   |       |           | 4,778,217   |           | 4,275,866   |

The financial statements were approved by the board of directors and authorised for issue on 10 May 2017 and are signed on its behalf by:



**H. K. Patel**  
Director

**Company Registration No. 03752573**

**VEGA INDUSTRIES LIMITED**

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

|  | Notes | Share<br>capital<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£ |
|--|-------|-----------------------|-------------------------------------|------------|
| <b>Balance at 1 April 2015</b>                     |       | 10,000                | 4,065,580                           | 4,075,580  |
| <b>Period ended 31 March 2016:</b>                 |       |                       |                                     |            |
| Profit and total comprehensive income for the year |       | -                     | 200,286                             | 200,286    |
| <b>Balance at 31 March 2016</b>                    |       | 10,000                | 4,265,866                           | 4,275,866  |
| <b>Period ended 31 March 2017:</b>                 |       |                       |                                     |            |
| Profit and total comprehensive income for the year |       | -                     | 502,351                             | 502,351    |
| <b>Balance at 31 March 2017</b>                    |       | 10,000                | 4,768,217                           | 4,778,217  |

VEGA INDUSTRIES LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017

|   | Notes | 2017    |                  | 2016    |                  |
|---|-------|---------|------------------|---------|------------------|
|   |       | £       | £                | £       | £                |
| <b>Cash flows from operating activities</b>                   |       |         |                  |         |                  |
| Cash generated from/(absorbed by) operations                  | 1     |         | 1,511,356        |         | (16,003)         |
| Income taxes refunded/(paid)                                  |       |         | 29,405           |         | (108,437)        |
| <b>Net cash inflow/(outflow) from operating activities</b>    |       |         | <b>1,540,761</b> |         | <b>(124,440)</b> |
| <b>Investing activities</b>                                   |       |         |                  |         |                  |
| Purchase of tangible fixed assets                             |       | (3,166) |                  | (3,022) |                  |
| Interest received   |       | 186     |                  | 859     |                  |
| <b>Net cash used in investing activities</b>                  |       |         | <b>(2,980)</b>   |         | <b>(2,163)</b>   |
| <b>Net cash used in financing activities</b>                  |       |         | <b>-</b>         |         | <b>-</b>         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       |         | <b>1,537,781</b> |         | <b>(126,603)</b> |
| Cash and cash equivalents at beginning of year                |       |         | 308,285          |         | 434,888          |
| <b>Cash and cash equivalents at end of year</b>               |       |         | <b>1,846,067</b> |         | <b>308,285</b>   |
| <b>Relating to:</b>   |       |         |                  |         |                  |
| Cash at bank and in hand                                      |       |         | 1,846,495        |         | 308,285          |
| Bank overdrafts included in creditors payable within one year |       |         | (428)            |         | -                |

**VEGA INDUSTRIES LIMITED**

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

**1 Cash generated from operations**

|  | <b>2017</b>      | <b>2016</b>     |
|--|------------------|-----------------|
|  | <b>£</b>         | <b>£</b>        |
| Profit for the year after tax                        | 502,351          | 200,286         |
| <b>Adjustments for:</b>                              |                  |                 |
| Taxation charged                                     | 125,824          | 49,976          |
| Investment income                                    | (186)            | (859)           |
| Depreciation and impairment of tangible fixed assets | 5,333            | 5,875           |
| Exchange gain on fixed assets investments            | (5,281)          | (1,091)         |
| <b>Movements in working capital:</b>                 |                  |                 |
| (Increase) in stocks                                 | (457,379)        | (154,749)       |
| (Increase)/decrease in debtors                       | (1,532,012)      | 1,599,359       |
| Increase/(decrease) in creditors                     | 2,872,706        | (1,714,800)     |
| <b>Cash generated from/(absorbed by) operations</b>  | <b>1,511,356</b> | <b>(16,003)</b> |

**2 Accounting policies**

**Company information**

Vega Industries Limited is a company limited by shares incorporated in England and Wales. The registered office is at Suite 3, 1st Floor, Congress House, 14 Lyon Road, Harrow, Middlesex, HA1 2EN.

**2.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

**2.2 Consolidation**

The financial statements contain information about Vega Industries Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the company itself is a wholly owned subsidiary undertaking of the ultimate parent company AIA Engineering Limited, incorporated in India. The financial statements of the company and its subsidiary undertaking are included in the consolidated financial statement of the ultimate parent company.

VEGA INDUSTRIES LIMITED

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

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**2 Accounting policies**

(Continued)

**2.3 Turnover**

Turnover comprises the fair value of sales and services excluding value added tax and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation on plant and equipment is charged to profit and loss so as to write off their value less any residual value over their estimated useful lives of between 5 and 15 years using the written-down value.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**2.5 Fixed asset investments**

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

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

**2.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017

2 Accounting policies

(Continued)

2.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

2.8 Cash and cash equivalents

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

2.9 Financial instruments

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

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

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

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017

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2 Accounting policies

(Continued)

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

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

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

2.10 Taxation

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

***Current tax***

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

***Deferred tax***

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

2 Accounting policies

(Continued)

2.12 Leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

2.13 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2.14 Related party

For the purposes of these financial statements, a party is considered to be related to the Company if:

(i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the Company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the Company;

(ii) the Company and the party are subject to common control;

(iii) the party is an associate of the Company or a joint venture in which the Company is a venturer;

(iv) the party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company;

(vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

4 Turnover

Turnover analysed by geographical market

|                   | 2017              | 2016              |
|-------------------|-------------------|-------------------|
|                   | £                 | £                 |
| United Kingdom    | 966,325           | 694,453           |
| Europe            | 21,863,154        | 17,607,768        |
| Rest of the world | 2,778,866         | 2,026,615         |
|                   | <u>25,608,345</u> | <u>20,328,836</u> |

**VEGA INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

| <b>5 Operating profit</b>   | <b>2017</b>       | <b>2016</b>       |
|---|-------------------|-------------------|
| Operating profit for the year is stated after charging/(crediting):                               | £                 | £                 |
| Exchange (gains)  | (5,281)           | (1,091)           |
| Fees payable to the company's auditors for the audit of the company's financial statements        | 16,000            | 16,000            |
| Depreciation of owned tangible fixed assets   | 5,333             | 5,875             |
|   | <u>          </u> | <u>          </u> |
| <b>6 Interest receivable and similar income</b>   | <b>2017</b>       | <b>2016</b>       |
| Interest income   | £                 | £                 |
| Other interest income   | 186               | 859               |
|   | <u>          </u> | <u>          </u> |
| <b>7 Taxation</b>   | <b>2017</b>       | <b>2016</b>       |
| Current tax   | £                 | £                 |
| UK corporation tax on profits for the current period  | 126,120           | 50,596            |
| Deferred tax  |                   |                   |
| Origination and reversal of timing differences  | (296)             | (620)             |
|   | <u>          </u> | <u>          </u> |
| Total tax charge  | 125,824           | 49,976            |
|   | <u>          </u> | <u>          </u> |
| <b>Factors affecting tax change for the period:</b>   |                   |                   |
|   | <b>2017</b>       | <b>2016</b>       |
|   | £                 | £                 |
| Profit before taxation  | 628,175           | 250,262           |
|   | <u>          </u> | <u>          </u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20%) | 125,635           | 50,052            |
| Tax effect of expenses that are not deductible in determining taxable profit                      | 187               | 140               |
| Depreciation on assets not qualifying for tax allowances  | 298               | 404               |
| Deferred tax adjustments in respect of prior years  | (296)             | (620)             |
|   | <u>          </u> | <u>          </u> |
| Tax expense for the year  | 125,824           | 49,976            |
|   | <u>          </u> | <u>          </u> |

**VEGA INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

**8 Tangible fixed assets**

|                                    | Fixtures,<br>fittings &<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|------------------------------------|---|----------------------------|------------|
| <b>Cost</b>                        |   |                            |            |
| At 1 April 2016                    | 57,869                                    | 52,615                     | 110,484    |
| Additions                          | 701                                       | 2,465                      | 3,166      |
| At 31 March 2017                   | 58,570                                    | 55,080                     | 113,650    |
| <b>Depreciation and impairment</b> |   |                            |            |
| At 1 April 2016                    | 46,985                                    | 40,002                     | 86,987     |
| Depreciation charged in the year   | 2,317                                     | 3,016                      | 5,333      |
| At 31 March 2017                   | 49,302                                    | 43,018                     | 92,320     |
| <b>Carrying amount</b>             |   |                            |            |
| At 31 March 2017                   | 9,268                                     | 12,062                     | 21,330     |
| At 31 March 2016                   | 10,884                                    | 12,613                     | 23,497     |

**9 Fixed asset investments - Susidiaries**

Notes

|                             |    | 2017<br>£ | 2016<br>£ |
|-----------------------------|----|-----------|-----------|
| Investments in subsidiaries | 10 | 34,770    | 33,679    |
| Exchange difference         |    | 5,281     | 1,091     |
| At 31 March 2017            |    | 40,051    | 34,770    |

**10 Subsidiaries**

Details of the company's subsidiaries at 31 March 2017 are as follows:

| Name of undertaking and country of<br>incorporation or residency | Nature of business             | Class of<br>shareholding | % Held |
|--|--------------------------------|--------------------------|--------|
| Vega Industries, Ltd      U.S.A.                                 | Distribution of grinding media | Ordinary                 | 100    |

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking  | Profit/(Loss)<br>\$ | Capital and Reserves<br>\$ |
|----------------------|---------------------|----------------------------|
| Vega Industries, Ltd | 4,068               | 1,046,797                  |

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

| 11 Stocks  | 2017             | 2016             |
|--|------------------|------------------|
|  | £                | £                |
| Finished goods   | 3,289,965        | 2,832,586        |
|  | <u>3,289,965</u> | <u>2,832,586</u> |
| <b>12 Debtors</b>  | <b>2017</b>      | <b>2016</b>      |
| <b>Amounts falling due within one year:</b>              | <b>£</b>         | <b>£</b>         |
| Trade debtors  | 6,953,019        | 5,663,191        |
| Corporation tax recoverable                              | -                | 29,405           |
| Amount owed by parent undertaking                        | 702,181          | 553,309          |
| Other debtors and prepayments                            | 138,253          | 265,665          |
|  | <u>7,793,453</u> | <u>6,511,570</u> |
| <b>13 Creditors: amounts falling due within one year</b> | <b>2017</b>      | <b>2016</b>      |
|  | <b>£</b>         | <b>£</b>         |
| Loans and overdrafts                                     | 428              | -                |
| Advance payments from customers                          | 196,355          | 404,233          |
| Trade creditors  | 152,278          | 84,639           |
| Amount owed to parent undertaking                        | 7,547,121        | 4,810,493        |
| Amounts owed to ultimate parent undertaking              | 20,026           | 17,958           |
| Corporation tax  | 126,120          | -                |
| Other taxes and social security costs                    | 18,194           | 15,772           |
| Other creditors and accruals                             | 148,915          | 97,810           |
|  | <u>8,209,437</u> | <u>5,430,905</u> |
| <b>14 Loans and overdrafts</b>                           | <b>2017</b>      | <b>2016</b>      |
|  | <b>£</b>         | <b>£</b>         |
| Bank overdrafts  | 428              | -                |
|  | <u>428</u>       | <u>-</u>         |
| Payable within one year                                  | 428              | -                |
|  | <u>428</u>       | <u>-</u>         |

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017

| 15 Provisions for liabilities   | Notes | 2017<br>£                | 2016<br>£                |
|---|-------|--------------------------|--------------------------|
| Deferred tax liabilities  | 16    | 3,641                    | 3,937                    |
|   |       | <u>3,641</u>             | <u>3,937</u>             |
| <br>  |       |                          |                          |
| 16 Deferred taxation  |       | Liabilities<br>2017<br>£ | Liabilities<br>2016<br>£ |
| <b>Balances:</b>  |       |                          |                          |
| Accelerated capital allowances  |       | 3,641                    | 3,937                    |
|   |       | <u>3,641</u>             | <u>3,937</u>             |
| <br>  |       |                          |                          |
| <b>Movements in the year:</b>   |       |                          | <b>2017<br/>£</b>        |
| Liability at 1 April 2016   |       |                          | 3,937                    |
| Credit to profit and loss   |       |                          | (296)                    |
|   |       |                          | <u>3,641</u>             |
| <br>  |       |                          |                          |
| The deferred tax liability of £906 is expected to reverse in next year and relates to accelerated capital allowances. |       |                          |                          |
| <br>  |       |                          |                          |
| 17 Financial instruments  |       | 2017<br>£                | 2016<br>£                |
| <b>Carrying amount of financial assets</b>  |       |                          |                          |
| Debt instruments measured at amortised cost   |       | 7,793,453                | 6,482,165                |
|   |       | <u>7,793,453</u>         | <u>6,482,165</u>         |
| <br>  |       |                          |                          |
| <b>Carrying amount of financial liabilities</b>   |       |                          |                          |
| Measured at amortised cost  |       | 8,065,123                | 5,415,133                |
|   |       | <u>8,065,123</u>         | <u>5,415,133</u>         |
| <br>  |       |                          |                          |
| 18 Share capital  |       | 2017<br>£                | 2016<br>£                |
| <b>Issued and fully paid</b>  |       |                          |                          |
| 10,000 Ordinary shares of £1 each   |       | 10,000                   | 10,000                   |
|   |       | <u>10,000</u>            | <u>10,000</u>            |

**VEGA INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

**19 Profit and loss reserves**

|                              | <b>2017</b>      | <b>2016</b>      |
|------------------------------|------------------|------------------|
|                              | <b>£</b>         | <b>£</b>         |
| At the beginning of the year | 4,265,866        | 4,065,580        |
| Profit for the year          | 502,351          | 200,286          |
|                              | <u>4,768,217</u> | <u>4,265,866</u> |

**20 Operating lease commitments**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                 | <b>2017</b>   | <b>2016</b>   |
|-----------------|---------------|---------------|
|                 | <b>£</b>      | <b>£</b>      |
| Within one year | <u>20,460</u> | <u>20,460</u> |

**21 Directors' remuneration**

|                                      | <b>2017</b>   | <b>2016</b> |
|--------------------------------------|---------------|-------------|
|                                      | <b>£</b>      | <b>£</b>    |
| Remuneration for qualifying services | <u>55,000</u> | <u>-</u>    |

**22 Employees**

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

|                     | <b>2017</b>   | <b>2016</b>   |
|---------------------|---------------|---------------|
|                     | <b>Number</b> | <b>Number</b> |
| Sales and marketing | 8             | 8             |
| Administration      | 8             | 8             |
| Technical engineer  | 3             | 3             |
|                     | <u>19</u>     | <u>19</u>     |

**VEGA INDUSTRIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

**22 Employees**

**(Continued)**

Their aggregate remuneration comprised:

|                       | <b>2017</b> | <b>2016</b> |
|-----------------------|-------------|-------------|
|                       | <b>£</b>    | <b>£</b>    |
| Wages and salaries    | 479,516     | 509,276     |
| Social security costs | 56,418      | 39,904      |
|                       | 535,934     | 569,268     |
|                       | 535,934     | 569,268     |

**23 Related party transactions**

Amount owed by parent undertaking Vega (Middle East) FZE at 31 March 2017 amounted to £702,181 (31.3.2016 - £553,309) is included under amounts owed by parent undertaking in note 12 to the financial statements. Amount owed to Vega Industries (Middle East) FZE at 31 March 2017 amounted to £7,547,121 (31.3.2016: £4,810,493) is included under amounts owed to parent company in note 13 to the financial statements. During the year the company made purchases of £23,892,487 (31.3.2016: £18,998,751) from Vega Industries (Middle East) FZE and paid management fees of £190,820 (31.3.2016: £236,691) to Vega Industries (Middle East) FZE its immediate parent company. These transaction were carried out at arms length in normal course of business.

Amount owed to AIA Engineering Limited, India at 31 March 2017 amounted to £20,026 (31.3.2016: £17,958) and is included under amounts owed to ultimate parent undertaking in note 13 to the financial statements.

AIA Engineering Limited has given unlimited multilateral guarantees to the company's bankers.

**24 Controlling party**

The ultimate parent company is AIA Engineering Limited a company incorporated and based in India.

**VEGA INDUSTRIES LIMITED**

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2017**

|  | <b>2017</b> |              | <b>2016</b> |              |
|--|-------------|--------------|-------------|--------------|
|  | £           | £            | £           | £            |
| <b>Turnover</b>                        |             | 25,608,345   |             | 20,328,836   |
| <b>Cost of sales</b>                   |             |              |             |              |
| Opening stock                          | 2,832,585   |              | 2,677,837   |              |
| Purchases and related services charges | 23,892,487  |              | 18,998,751  |              |
| Carriage, freight and warehousing      | 357,543     |              | -           |              |
| Other storage charges                  | 1,188       |              | 10,160      |              |
| Commissions payable                    | 147,157     |              | 110,467     |              |
| Exchange (gain)                        | (107,525)   |              | (186,443)   |              |
| Import duty                            | 12,299      |              | -           |              |
| Closing stock                          | (3,289,965) |              | (2,832,585) |              |
|  |             | (23,845,769) |             | (18,778,187) |
| <b>Gross profit</b>                    |             | 1,762,576    |             | 1,550,649    |
| <b>Other operating income</b>          |             |              |             |              |
| Other income                           |             | 163,377      |             | -            |
| <b>Administrative expenses</b>         |             | (1,297,964)  |             | (1,301,246)  |
| <b>Operating profit</b>                |             | 627,989      |             | 249,403      |
| <b>Investment revenues</b>             |             |              |             |              |
| Other interest received                | 186         |              | 859         |              |
|  |             | 186          |             | 859          |
| <b>Profit before taxation</b>          |             | 628,175      |             | 250,262      |



**VEGA INDUSTRIES LIMITED**

**SCHEDULE OF ADMINISTRATIVE EXPENSES**

**FOR THE YEAR ENDED 31 MARCH 2017**

|                                       | <b>2017</b> | <b>2016</b> |
|---------------------------------------|-------------|-------------|
|                                       | <b>£</b>    | <b>£</b>    |
| <b>Administrative expenses</b>        |             |             |
| Salaries                              | 479,516     | 509,276     |
| Employers' NI contributions           | 56,418      | 59,992      |
| Medical scheme contributions          | 24,639      | 20,088      |
| Directors' remuneration               | 55,000      | -           |
| Directors' NI contributions           | 6,528       | -           |
| Rent, rates and services              | 43,406      | 46,045      |
| Insurances                            | 29,179      | 8,566       |
| Computer maintenance                  | 10,944      | 15,208      |
| Motor, travelling and entertaining    | 203,872     | 144,374     |
| Legal and professional fees           | 18,827      | 26,300      |
| Management fees payable               | 190,820     | 236,691     |
| Accountancy fees                      | 5,000       | 5,000       |
| Audit fees                            | 16,000      | 16,000      |
| Bank and L/C charges                  | 60,711      | 47,947      |
| Postage, stationery and courier       | 19,326      | 22,612      |
| Telephone and communications          | 50,917      | 44,946      |
| Sundry office expenses                | 7,016       | 7,145       |
| Compensation payable to cutomers      | 19,793      | 86,272      |
| Depreciation on tangible fixed assets | 5,333       | 5,875       |
| Other exchange (gains)                | (5,281)     | (1,091)     |
|                                       | 1,297,964   | 1,301,246   |
|                                       | 1,297,964   | 1,301,246   |