

Company Registration No. 03752573 (England and Wales)

VEGA INDUSTRIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

VEGA INDUSTRIES LIMITED

COMPANY INFORMATION

Directors	B. K. Shah P. R. Shah H. K. Patel R. A. Gilani V. S. Rathaur
Secretary	P. R. Shah
Company number	03752573
Registered office	Suite 3, 1st Floor Congress House 14 Lyon Road Harrow Middlesex HA1 2EN
Auditor	RDP Newmans LLP Lynwood House 373-375 Station Road Harrow Middlesex HA1 2AW
Bankers	HSBC Bank Plc 184 High Street Bromley Kent BR1 1HE Citi Bank Citigroup Centre Canada Square Canary Wharf London E14 5LB

VEGA INDUSTRIES LIMITED

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VEGA INDUSTRIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

The principal activity of the company continued to be that of importing and distribution of grinding media, mining liners and hardware accessories.

Fair review of the business

The directors are satisfied with the results for the year bearing in mind the economic challenges of the current year.

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

	<u>2022</u>	<u>2021</u>
Turnover (GBP)	14,303,984	18,734,538
Gross profit %	7.15%	5.02%
Net profit after tax %	0.22%	0.10%

The turnover has decreased from £18.73 million to £14.30 million a decrease of 23.65%. This is mainly as a result of the challenging economic climate. Gross profit margins have increased from 5.02% in 2021 to 7.15% in the year as a result of strategic decisions made by the board. Net profit before tax has increased from £21,927 in 2021 to £39,094 in the year principally as a result of the improved gross profit margin.

The company's liquidity at 31 March 2022 has improved compared with the previous year, with the current ratio of 1.56 (2021 : 1.16) and the quick ratio of 1.50 (2021 : 0.87).

The company is in a strong financial position at the year end. The directors hope to further improve and enhance results in future.

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.

The principal risks and uncertainties facing Vega Industries Limited are:

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 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 exposure arises from trading with overseas companies. The company is subject to foreign exchange risks as it sells and purchases in various countries and currencies. Company management regularly monitors its foreign exchange risk and attempts to limit such risks by managing its cash and credit positions.

VEGA INDUSTRIES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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.

Financial instruments

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

Brexit risk

The company trades with entities based in the European Union and the exit therefrom poses a risk for the company. This is mitigated by the loyal customer base that the company has traded with for a number of years. Although Brexit has had a negative impact on turnover, the company operations have evolved and it now holds less stock in the United Kingdom, with an emphasis on direct shipments from its suppliers to the European mainland. Furthermore, goods are only purchased from suppliers upon receipt of a confirmed customer order. The company management continually monitor the situation and will respond to any further changes that may arise.

Coronavirus pandemic risk

The directors have reviewed and adapted the company's strategy, policies and working practices to minimise the effect of Covid 19 on its operations, employees, customers and suppliers. As a result the impact of Covid 19 on the company's profit was minimal. The company will continue to take all the necessary actions to mitigate the impact of Covid 19, and the directors are confident that the pandemic will not have any significant impact on the business to continue as a going concern.

VEGA INDUSTRIES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Section 172(1) statement

Interests of members of the company

Vega Industries Limited is a private company. The ultimate parent company is AIA Engineering Limited, a company incorporated in India. The company has five directors, all have representation on the Board. The day-to-day operations of the company are managed by the directors who are closely involved in the activities of the company and provide day-to-day support as and when required.

In common with many private companies the interests of the Board and the ultimate shareholders are broadly aligned in that the company should create value by generating strong and sustainable results.

Board decisions during the year

No dividend was voted in the year.

During the year we have aimed to continue our position in the market and have managed to navigate successfully around various obstacles such as the global Coronavirus pandemic. Strategic decisions were made and resulted in an increase in gross profit margins despite a decrease in turnover. The company remains profitable and it is expected that it will continue to be profitable for the foreseeable future.

No other major board decisions were made during the year.

The interests of employees

We continue to focus on training and supporting our employees in the understanding that a well informed and trained workforce is essential for the company's ongoing success. We encourage feedback from our staff and where possible and practical implement suggestions made to improve our procedures and to improve our working environment.

The average number of staff for the year was 13 (2021: 13).

We consider that we offer our employees competitive remuneration packages.

The interests of our customers

Over the years we have acquired, developed and maintained unique relationships with our customers, and we do this by ensuring our prices remain competitive and deliveries maintained to a high standard and implement recommendations made by our customers. The success of this is highlighted by the loyalty shown by our customers over the years.

Community and environment

The company recognises the importance of climate change to society and has considered how to preserve the planet by aiming to minimise our carbon footprint. Part of this strategy is to work toward a paperless office, by reducing all printing internally as well as requesting that all external documentation is sent in electronic format only.

Maintaining a reputation for high standards of business conduct

We are committed to maintaining a reputation of high standards of business conduct. We have an ethics policy for all employees to follow and review this annually. Each year we consider and approve our modern slavery statement which explains the activities we have taken to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or supply chains.

On behalf of the board



H. K. Patel

Director

Date: 19/5/2022

VEGA INDUSTRIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and the audited financial statements for the year ended 31 March 2022.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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
V. S. Rathaur

Auditor

RDP Newmans LLP were appointed as auditor to the company on 1 November 2021. The auditor, RDP Newmans LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. Therefore, the energy and carbon reporting shall present information about the company as an individual entity and not about its group.

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

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.

Statement of disclosure to auditor

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.

On behalf of the board



.....
H. K. Patel

Director

Date: 19/5/2022
.....

VEGA INDUSTRIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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.

VEGA INDUSTRIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VEGA INDUSTRIES LIMITED

Opinion

We have audited the financial statements of Vega Industries Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 our audit:

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

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

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery and employment;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

VEGA INDUSTRIES LIMITED

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

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed and tested journal entries to identify unusual transactions and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- reviewing and agreeing financial statement disclosures and testing to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and bankers.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

VEGA INDUSTRIES LIMITED

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

Use of our report

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



Mahesh Sachdev FCA (Senior Statutory Auditor)
For and on behalf of RDP Newmans LLP

Date: 19/5/22

Chartered Accountants
Statutory Auditor

Lynwood House
373-375 Station Road
Harrow
Middlesex
HA1 2AW

VEGA INDUSTRIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	14,303,984	18,734,538
Cost of sales		(13,281,949)	(17,793,275)
Gross profit		1,022,035	941,263
Administrative expenses		(994,407)	(919,336)
Other operating income		11,351	-
Operating profit	6	38,979	21,927
Interest receivable and similar income	7	115	-
Profit before taxation		39,094	21,927
Tax on profit	8	(7,713)	(3,871)
Profit for the financial year		31,381	18,056

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

VEGA INDUSTRIES LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	9		23,684		25,549
Investments	10		37,844		36,441
			<u>61,528</u>		<u>61,990</u>
Current assets					
Stocks	12	148,052		2,065,178	
Debtors	13	2,370,556		5,505,293	
Cash at bank and in hand		725,722		819,789	
		<u>3,244,330</u>		<u>8,390,260</u>	
Creditors: amounts falling due within one year	14	(2,082,762)		(7,260,229)	
Net current assets			<u>1,161,568</u>		<u>1,130,031</u>
Total assets less current liabilities			<u>1,223,096</u>		<u>1,192,021</u>
Provisions for liabilities					
Deferred tax liability	15	4,280		4,586	
		<u>(4,280)</u>		<u>(4,586)</u>	
Net assets			<u><u>1,218,816</u></u>		<u><u>1,187,435</u></u>
Capital and reserves					
Called up share capital	18		10,000		10,000
Profit and loss reserves			1,208,816		1,177,435
Total equity			<u><u>1,218,816</u></u>		<u><u>1,187,435</u></u>

The financial statements were approved by the board of directors and authorised for issue on19/5/2022.....
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 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	10,000	1,159,379	1,169,379
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	18,056	18,056
Balance at 31 March 2021	10,000	1,177,435	1,187,435
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	31,381	31,381
Balance at 31 March 2022	10,000	1,208,816	1,218,816

VEGA INDUSTRIES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	22		(122,767)		(1,732,039)
Income taxes refunded/(paid)			31,841		(25,000)
Net cash outflow from operating activities			<u>(90,926)</u>		<u>(1,757,039)</u>
Investing activities					
Purchase of tangible fixed assets		(3,256)		(3,105)	
Proceeds on disposal of tangible fixed assets		-		2,055	
Interest received		115		-	
Net cash used in investing activities			<u>(3,141)</u>		<u>(1,050)</u>
Net decrease in cash and cash equivalents			<u>(94,067)</u>		<u>(1,758,089)</u>
Cash and cash equivalents at beginning of year			819,789		2,577,878
Cash and cash equivalents at end of year			<u><u>725,722</u></u>		<u><u>819,789</u></u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

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

1.1 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.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Vega Industries Limited is a wholly owned subsidiary of Vega Industries (Middle East) FZC and the results of Vega Industries Limited are included in the consolidated financial statements of AIA Engineering Limited, the ultimate parent company which are available from its registered office 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382410, Gujarat, India

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover comprises the fair value of sales 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, 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.

1.4 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.

Fixtures, fittings & equipment	20% per annum on written down value
Computer equipment	20% per annum on 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.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.5 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.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) 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.

1.7 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.

1.8 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.

1.9 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.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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.

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

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.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 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.

1.12 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.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.14 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 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.

Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Coronavirus pandemic

The directors have assessed the impact of the Coronavirus pandemic on the company and are of the opinion that this should not materially impact the company in the long term.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	431,402	300,470
Europe	10,712,333	15,236,170
Rest of the world	3,160,249	3,197,898
	<u>14,303,984</u>	<u>18,734,538</u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4 Employees

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

	2022 Number	2021 Number
Sales and marketing	5	5
Administration	5	5
Technical	3	3
Total	<u>13</u>	<u>13</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	651,485	662,957
Social security costs	68,519	66,130
Pension costs	11,484	11,420
	<u>731,488</u>	<u>740,507</u>

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	59,000	59,765
Company pension contributions to defined contribution schemes	1,321	1,313
	<u>60,321</u>	<u>61,078</u>

6 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(2,880)	6,061
Fees payable to the company's auditor for the audit of the company's financial statements	16,000	16,000
Depreciation of owned tangible fixed assets	5,121	5,305
	<u>18,241</u>	<u>27,366</u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Other interest income	115	-
	<u>115</u>	<u>-</u>

8 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	8,019	4,620
	<u>8,019</u>	<u>4,620</u>
Deferred tax		
Origination and reversal of timing differences	(306)	(749)
	<u>(306)</u>	<u>(749)</u>
Total tax charge	<u>7,713</u>	<u>3,871</u>

	2022	2021
	£	£
Profit before taxation	39,094	21,927
	<u>39,094</u>	<u>21,927</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	7,428	4,166
Tax effect of expenses that are not deductible in determining taxable profit	285	95
Permanent capital allowances in excess of depreciation	(667)	-
Depreciation on assets not qualifying for tax allowances	973	359
Deferred tax adjustments in respect of prior years	(306)	(749)
	<u>7,713</u>	<u>3,871</u>
Taxation charge for the year	<u>7,713</u>	<u>3,871</u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

9 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At 1 April 2021	47,454	25,828	73,282
Additions	-	3,256	3,256
At 31 March 2022	<u>47,454</u>	<u>29,084</u>	<u>76,538</u>
Depreciation and impairment			
At 1 April 2021	37,781	9,952	47,733
Depreciation charged in the year	1,772	3,349	5,121
At 31 March 2022	<u>39,553</u>	<u>13,301</u>	<u>52,854</u>
Carrying amount			
At 31 March 2022	<u>7,901</u>	<u>15,783</u>	<u>23,684</u>
At 31 March 2021	<u>9,673</u>	<u>15,876</u>	<u>25,549</u>

10 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	11	<u>37,844</u>	<u>36,441</u>

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 April 2021	36,441
Exchange difference	1,403
At 31 March 2022	<u>37,844</u>
Carrying amount	
At 31 March 2022	<u>37,844</u>
At 31 March 2021	<u>36,441</u>

11 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Vega Industries Ltd	U.S.A.	Ordinary shares	100.00

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

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Vega Industries Ltd	1,406,237	353,017

12 Stocks

	2022 £	2021 £
Finished goods and goods for resale	148,052	2,065,178

13 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	947,210	4,259,618
Corporation tax recoverable	10,000	46,841
Amounts owed by group undertakings	1,358,983	822,203
Other debtors	38,125	357,434
Prepayments and accrued income	16,238	19,197
	<u>2,370,556</u>	<u>5,505,293</u>

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Payments received on account	158,980	881,371
Trade creditors	6,770	144,783
Amounts owed to group undertakings	1,756,135	6,036,641
Amounts owed to ultimate parent undertaking	4,718	18,220
Corporation tax	3,019	-
Other taxation and social security	23,638	19,401
Accruals and deferred income	129,502	159,813
	<u>2,082,762</u>	<u>7,260,229</u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022	Liabilities 2021
Balances:	£	£
Accelerated Capital Allowances	4,280	4,586
	<u> </u>	<u> </u>
		2022
Movements in the year:		£
Liability at 1 April 2021		4,586
Credit to profit or loss		(306)
		<u> </u>
Liability at 31 March 2022		4,280
		<u> </u>

16 Financial instruments

	2022	2021
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,085,040	6,305,885
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	2,056,105	7,240,828
	<u> </u>	<u> </u>

17 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	11,484	11,420
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2022	2021	2022	2021
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 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:

	2022	2021
	£	£
Within one year	24,950	21,830

20 Related party transactions

The amount owed by the immediate parent undertaking Vega Industries (Middle East) FZC at 31 March 2022 amounted to £1,358,983 (2021: £822,203) and is included under amounts owed by the parent undertaking in note 13 to the financial statements.

The amount owed to Vega Industries (Middle East) FZC at 31 March 2022 amounted to £1,756,135 (2021: £6,036,641) and is included under amounts owed to the parent company in note 14 to the financial statements.

During the year the company made purchases of £11,155,946 (2021: £16,813,257) from Vega Industries (Middle East) FZC and paid management fees of £120,612 (2021: £133,629) to Vega Industries (Middle East) FZC and recharged £91,355 (2021: £244,609) part of staff costs and £14,051 (2021: £19,779) part of staff travel costs to Vega Industries (Middle East) FZC.

The amount owed to AIA Engineering Limited, India at 31 March 2022 amounted to £4,718 (2021: £18,220) and is included under amounts owed to ultimate parent undertaking in note 14 to the financial statements. AIA Engineering Limited is the ultimate parent company of Vega Industries Limited.

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

21 Ultimate controlling party

The company's ultimate parent undertaking and controlling party is AIA Engineering Limited, a company incorporated and registered in India.

The smallest and largest group in which the results of Vega Industries Limited are consolidated is headed by AIA Engineering Limited. The consolidated financial statements are available to the public and may be obtained from 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382410, Gujarat, India

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

22 Cash absorbed by operations

	2022 £	2021 £
Profit for the year after tax	31,381	18,056
Adjustments for:		
Taxation charged	7,713	3,871
Investment income	(115)	-
Depreciation and impairment of tangible fixed assets	5,121	5,305
Loss/(gain) on fixed assets investments	(1,403)	6,061
Movements in working capital:		
Decrease in stocks	1,917,126	359,753
Decrease in debtors	3,097,896	1,398,780
Decrease in creditors	(5,180,486)	(3,523,865)
Cash absorbed by operations	<u>(122,767)</u>	<u>(1,732,039)</u>

23 Analysis of changes in net funds

	1 April 2021 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	819,789	(94,067)	725,722

VEGA INDUSTRIES LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022

VEGA INDUSTRIES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Turnover		
Sales of goods	14,303,984	18,734,538
Cost of sales		
Opening stock	2,065,178	2,424,931
Purchases and related services charges	11,155,946	16,813,257
Carriage, freight and warehousing	178,846	501,606
Commissions payable	64,756	81,826
Exchange (gain)/loss	(39,476)	(40,633)
Import duty	4,751	77,466
Closing stock	(148,052)	(2,065,178)
	<u>(13,281,949)</u>	<u>(17,793,275)</u>
Gross profit	1,022,035	941,263
Other operating income		
Other income	11,351	-
Administrative expenses	(994,407)	(919,336)
Operating profit	38,979	21,927
Interest receivable and similar income		
Other interest received	115	-
	<u>115</u>	<u>-</u>
Profit before taxation	39,094	21,927
Taxation	(7,713)	(3,871)
Profit for the financial year	31,381	18,056
Retained earnings at 1 April 2021	1,177,435	1,159,379
Retained earnings at 31 March 2022	<u><u>1,208,816</u></u>	<u><u>1,177,435</u></u>

VEGA INDUSTRIES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Administrative expenses		
Salaries	550,688	561,824
Employers' NI contributions	61,598	58,630
Medical scheme contributions	41,797	41,368
Staff pension contributions	10,163	10,107
Directors' remuneration	59,000	59,765
Directors' NI contributions	6,921	7,500
Directors' pension contributions	1,321	1,313
Salary recharged to group companies	(91,355)	(244,609)
Rent, rates and services	44,761	55,847
Insurances	13,261	12,811
Computer maintenance	11,349	12,071
Motor, travelling and entertaining	97,628	47,788
Travel recharged to group companies	(14,051)	(19,779)
Legal and professional fees	14,037	13,491
Management fees payable	120,612	133,629
Accountancy fees	3,000	7,588
Audit fees	16,000	16,000
Bank and L/C charges	29,962	42,701
Postage, stationery and courier	2,381	8,353
Telephone and communications	40,288	47,212
Sundry office expenses	2,873	4,236
Demmorage & miscellaneous fees	(30,068)	30,124
Depreciation on tangible fixed assets	5,121	5,305
Other exchange loss/(gains)	(2,880)	6,061
	<hr/>	<hr/>
	994,407	919,336
	<hr/>	<hr/>
