

Company Registration No. 03752573 (England and Wales)

VEGA INDUSTRIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

ATKINS & PARTNERS
CHARTERED ACCOUNTANTS

VEGA INDUSTRIES LIMITED

COMPANY INFORMATION

Directors	B. K. Shah P. R. Shah H. K. Patel R. A. Gilani V. S. Rathaur	(Appointed 9 September 2019)
Company number	03752573	
Registered office	Suite 3, 1st Floor Congress House 14 Lyon Road Harrow Middlesex HA1 2EN	
Auditors	Atkins & Partners Chartered Accountants 4th Floor, Suite 2 B Congress House, Lyon Road Harrow Middlesex HA1 2EN	
Bankers	HSBC Bank plc 184 High Street Bromley Kent BR1 1HE	
	Emirates NBD Bank (PJSC) Baniyas Road Deira P. O. Box 777 Dubai UAE	
	Citi Bank Citigroup Centre Canada Square Canary Wharf London E14 5LB	

VEGA INDUSTRIES LIMITED

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VEGA INDUSTRIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

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
V. S. Rathaur

(Appointed 9 September 2019)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £4,000,000.

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 2020**

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



H. K. Patel

Director

29 May 2020

VEGA INDUSTRIES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report and the audited financial statements for the year ended 31 March 2020.

Review of the business

The directors are satisfied with the results for the year bearing in mind economically challenging year. The turnover has decreased from £22.08 million to £21.21 million down by 3.95%. Gross profit margin has decreased from 5.93% in 2019 to 5.25% in 2020 which was within expectations. Net profit before tax has decreased from £205,329 to £53,827.

The company's liquidity at 31 March 2020 is lower compared with previous year, with current ratio of 1.10 (2019 : 1.57) and a quick ratio of 0.78 (2019 : 0.91).

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



H. K. Patel

Director

29 May 2020

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 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 received all the information and explanations we require for our 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



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

**Chartered Accountants
Statutory Auditor**

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

29 May 2020

VEGA INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	5	21,208,652	22,079,945
Cost of sales		(20,095,266)	(20,771,101)
Gross profit		<u>1,113,386</u>	<u>1,308,844</u>
Administrative expenses		(1,059,559)	(1,103,515)
Profit before taxation		<u>53,827</u>	<u>205,329</u>
Taxation	8	(10,512)	(38,172)
Profit for the financial year	21	<u>43,315</u>	<u>167,157</u>
Total comprehensive income for the year		<u><u>43,315</u></u>	<u><u>167,157</u></u>

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

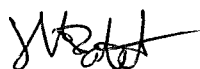
There are no recognised gains and losses other than those passing through the profit and loss account.

VEGA INDUSTRIES LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	10		29,804		29,107
Investments	11		42,502		38,335
			72,306		67,442
Current assets					
Stocks	13	2,424,931		4,231,038	
Debtors	14	6,883,693		7,678,185	
Cash at bank and in hand		2,577,878		2,090,217	
			11,886,502		13,999,440
Creditors: amounts falling due within one year	15	(10,784,094)		(8,935,687)	
Net current assets			1,102,408		5,063,753
Total assets less current liabilities			1,174,714		5,131,195
Provisions for liabilities	16		(5,335)		(5,131)
Net assets			1,169,379		5,126,064
Capital and reserves					
Called up share capital	20		10,000		10,000
Profit and loss reserves	21		1,159,379		5,116,064
Total equity			1,169,379		5,126,064

The financial statements were approved by the board of directors and authorised for issue on 29 May 2020 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 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2018		10,000	4,948,907	4,958,907
Period ended 31 March 2019:				
Profit and total comprehensive income for the year		-	167,157	167,157
Balance at 31 March 2019		10,000	5,116,064	5,126,064
Period ended 31 March 2020:				
Profit and total comprehensive income for the year		-	43,315	43,315
Dividends	9	-	(4,000,000)	(4,000,000)
Balance at 31 March 2020		10,000	1,159,379	1,169,379

VEGA INDUSTRIES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	1		4,539,166		(36,511)
Income taxes paid			(45,000)		(71,331)
			<u>4,494,166</u>		<u>(107,842)</u>
Net cash inflow/(outflow) from operating activities					
			4,494,166		(107,842)
Investing activities					
Purchase of tangible fixed assets		(6,505)		(11,929)	
		<u>(6,505)</u>		<u>(11,929)</u>	
Net cash used in investing activities					
			(6,505)		(11,929)
Financing activities					
Dividends paid		(4,000,000)		-	
		<u>(4,000,000)</u>		<u>-</u>	
Net cash used in financing activities					
			(4,000,000)		-
Net increase/(decrease) in cash and cash equivalents					
			487,661		(119,771)
Cash and cash equivalents at beginning of year			2,090,217		2,209,988
			<u>2,577,878</u>		<u>2,090,217</u>
Cash and cash equivalents at end of year			<u><u>2,577,878</u></u>		<u><u>2,090,217</u></u>

VEGA INDUSTRIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1	Cash generated from operations	2020	2019
		£	£
	Profit for the year after tax	43,315	167,157
	Adjustments for:		
	Taxation charged	10,512	38,172
	Depreciation and impairment of tangible fixed assets	5,808	7,278
	Exchange gain on fixed assets investments	(4,167)	(2,649)
	Movements in working capital:		
	Decrease/(increase) in stocks	1,806,107	(2,459,247)
	Decrease/(increase) in debtors	820,953	(509,547)
	Increase in creditors	1,856,638	2,722,325
	Cash generated from/(absorbed by) operations	<u>4,539,166</u>	<u>(36,511)</u>

2	Analysis of changes in net funds	1 April 2019	Cash flows	31 March 2020
		£	£	£
	Cash at bank and in hand	<u>2,090,217</u>	<u>487,661</u>	<u>2,577,878</u>

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.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4 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.

4.1 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.

4.2 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 statements of the ultimate parent company.

4.3 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, 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.

4.4 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.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Accounting policies **(Continued)**

4.5 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.

4.6 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.

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.

4.7 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.

4.8 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.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Accounting policies

(Continued)

4.9 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.

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.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Accounting policies

(Continued)

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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

4.10 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.

4.11 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.

4.12 Retirement benefits

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

4.13 Leases

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

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Accounting policies

(Continued)

4.14 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.

4.15 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.

5 Turnover

Turnover analysed by geographical market

	2020	2019
	£	£
United Kingdom	403,410	886,730
Europe	16,982,017	18,828,262
Rest of the world	3,823,225	2,364,953
	21,208,652	22,079,945
	21,208,652	22,079,945

6 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/loss	(4,167)	2,649
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	5,808	7,278
	21,641	26,927
	21,641	26,927

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	63,906	58,810
Company pension contributions to defined contribution schemes	1,316	806
	65,222	59,616
	65,222	59,616

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

8 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	10,308	38,231
Adjustments in respect of prior periods	-	(1,031)
	10,308	37,200
	10,308	37,200
Deferred tax		
Origination and reversal of timing differences	204	972
	10,512	38,172
	10,512	38,172

Factors affecting tax change for the period:

	2020	2019
	£	£
Profit before taxation	53,827	205,329
	53,827	205,329
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19%)	10,227	39,013
Tax effect of expenses that are not deductible in determining taxable profit	285	190
Depreciation on assets not qualifying for tax allowances	(204)	(972)
Deferred tax adjustments	204	972
Adjustments in respect of prior period	-	(1,031)
	10,512	38,172
	10,512	38,172

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9	Dividends		
		2020	2019
		£	£
	Dividends paid	4,000,000	-
		<u> </u>	<u> </u>

10	Tangible fixed assets			
		Fixtures, fittings & equipment	Computer equipment	Total
		£	£	£
	Cost			
	At 1 April 2019	47,453	18,273	65,726
	Additions	-	6,505	6,505
		<u> </u>	<u> </u>	<u> </u>
	At 31 March 2020	47,453	24,778	72,231
		<u> </u>	<u> </u>	<u> </u>
	Depreciation and impairment			
	At 1 April 2019	32,664	3,955	36,619
	Depreciation charged in the year	2,952	2,856	5,808
		<u> </u>	<u> </u>	<u> </u>
	At 31 March 2020	35,616	6,811	42,427
		<u> </u>	<u> </u>	<u> </u>
	Carrying amount			
	At 31 March 2020	11,838	17,966	29,804
		<u> </u>	<u> </u>	<u> </u>
	At 31 March 2019	14,791	14,316	29,107
		<u> </u>	<u> </u>	<u> </u>

11	Fixed asset investments - Subsidiaries	Notes		
			2020	2019
			£	£
	Investments in subsidiaries	12	38,335	35,686
	Exchange difference		4,167	2,649
			<u> </u>	<u> </u>
	At 31 March 2020		42,502	38,335
			<u> </u>	<u> </u>

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

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

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Subsidiaries

(Continued)

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

Name of undertaking	Profit/(Loss) \$	Capital and Reserves \$
Vega Industries, Ltd	67,758	1,392,046

13 Stocks

	2020 £	2019 £
Finished goods	2,424,931	4,231,038
	<u>2,424,931</u>	<u>4,231,038</u>

14 Debtors

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	5,848,150	6,409,025
Corporation tax recoverable	26,461	-
Amount owed by parent undertaking	722,736	475,241
Other debtors and prepayments	286,346	793,919
	<u>6,883,693</u>	<u>7,678,185</u>

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Advance payments from customers	455,561	980,188
Trade creditors	272,384	189,391
Amount owed to parent undertaking	9,865,648	7,638,104
Amounts owed to ultimate parent undertaking	21,253	19,167
Corporation tax	-	8,231
Other taxes and social security costs	18,749	22,831
Other creditors and accruals	150,499	77,775
	<u>10,784,094</u>	<u>8,935,687</u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Provisions for liabilities	Notes	2020 £	2019 £
Deferred tax liabilities	17	5,335	5,131
		<u>5,335</u>	<u>5,131</u>
17 Deferred taxation		Liabilities 2020 £	Liabilities 2019 £
Balances:			
Accelerated capital allowances		5,335	5,131
		<u>5,335</u>	<u>5,131</u>
Movements in the year:			2020 £
Liability at 1 April 2019			5,131
Charge to profit or loss			204
Liability at 31 March 2020			<u>5,335</u>
The deferred tax liability of £ 1,074 is expected to reverse in next year and relates to accelerated capital allowances.			
18 Financial instruments		2020 £	2019 £
Carrying amount of financial assets			
Debt instruments measured at amortised cost		9,434,454	9,752,179
		<u>9,434,454</u>	<u>9,752,179</u>
Carrying amount of financial liabilities			
Measured at amortised cost		10,765,345	8,904,625
		<u>10,765,345</u>	<u>8,904,625</u>
19 Retirement benefit schemes		2020 £	2019 £
Defined contribution schemes			
Charge to profit or loss in respect of defined contribution schemes		11,485	13,912
		<u>11,485</u>	<u>13,912</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.

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Share capital

	2020	2019
	£	£
Issued and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

21 Profit and loss reserves

	2020	2019
	£	£
At the beginning of the year	5,116,064	4,948,907
Profit for the year	43,315	167,157
Dividends	(4,000,000)	-
At the end of the year	<u>1,159,379</u>	<u>5,116,064</u>

22 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:

	2020	2019
	£	£
Within one year	<u>21,830</u>	<u>20,460</u>

23 Employees

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

	2020	2019
	Number	Number
Sales and marketing	6	6
Administration	4	6
Technical engineer	3	3
	<u>13</u>	<u>15</u>

VEGA INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Employees **(Continued)**

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	580,673	640,528
Social security costs	62,974	72,034
Pension costs	11,485	13,912
Medical scheme contributions	35,314	38,430
	690,446	764,904
	690,446	764,904

24 Related party transactions

Amount owed by parent undertaking Vega Industries (Middle East) FZC at 31 March 2020 amounted to £722,736 (31.3.2019 - £475,241) is included under amounts owed by parent undertaking in note 14 to the financial statements. Amount owed to Vega Industries (Middle East) FZC at 31 March 2020 amounted to £9,865,648 (31.3.2019: £7,638,104) is included under amounts owed to parent company in note 15 to the financial statements. During the year the company made purchases of £17,404,369 (31.3.2019: £22,553,628) from Vega Industries (Middle East) FZC and paid management fees of £165,357 (31.3.2019: £162,511) to Vega Industries (Middle East) FZC and recharged £270,040 (31.3.2019: £210,419) part of staff costs and £60,816 (31.3.2019: £Nil) part of staff travel costs to Vega Industries (Middle East) FZC 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 2020 amounted to £21,253 (31.3.2019: £19,167) and is included under amounts owed to ultimate parent undertaking in note 15 to the financial statements.

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

25 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 2020

	2020		2019	
	£	£	£	£
Turnover		21,208,652		22,079,945
Cost of sales				
Opening stock	4,231,038		1,771,791	
Purchases and related services charges	17,404,369		22,553,628	
Carriage, freight and warehousing	469,158		566,796	
Commissions payable	135,486		107,000	
Exchange (gain)/loss	189,606		(135,025)	
Import duty	91,735		169,648	
Other income	(1,195)		(31,699)	
Closing stock	(2,424,931)		(4,231,038)	
		(20,095,266)		(20,771,101)
Gross profit		1,113,386		1,308,844
Administrative expenses		(1,059,559)		(1,103,515)
Operating profit		53,827		205,329

VEGA INDUSTRIES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Administrative expenses		
Salaries	587,555	581,718
Employers' NI contributions	55,517	65,192
Medical scheme contributions	35,314	38,430
Staff pension contributions	10,169	13,106
Salaries recharged to group companies	(270,040)	(210,419)
Directors' remuneration	63,906	58,810
Directors' NI contributions	7,457	6,842
Directors' pension contributions	1,316	806
Rent, rates and services	50,027	45,014
Insurances	13,171	16,788
Computer maintenance	13,530	11,671
Motor, travelling and entertaining	204,963	117,180
Travel recharged to group companies	(60,816)	-
Legal and professional fees	17,165	12,686
Management fees payable	165,357	162,511
Accountancy fees	7,588	7,520
Audit fees	16,000	16,000
Bank and L/C charges	42,821	46,537
Postage, stationery and courier	15,769	19,241
Promotions and exhibitions	33,080	28,890
Telephone and communications	40,587	49,290
Sundry office expenses	5,514	5,775
Compensation payable to cutomers	1,968	-
Depreciation on tangible fixed assets	5,808	7,278
Other exchange loss/(gains)	(4,167)	2,649
	1,059,559	1,103,515
	1,059,559	1,103,515