

Company Number: 11391127

# VJ TECHNOLOGY TRADING LIMITED

## Financial Statements

For the year ended

31 December 2019



VJ TECHNOLOGY TRADING LIMITED

COMPANY INFORMATION

**Directors**

Alistair Paul Armstrong  
Anthony Stephen Aldgate  
Ross James Bartlett  
Kelly Anne Bedding (resigned 22 May 2019)  
Lee Alan Martin  
Hedley John Mayor (resigned 30 September 2019)  
Andrew Graham Mobbs (appointed 4 February 2020)  
Mark Gerald Tomlin

**Registered Number**

11391127

**Registered Office**

Technology House  
Brunswick Road  
Ashford  
Kent  
TN23 1EN

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
2nd Floor,  
St John's House  
Haslett Avenue West  
Crawley  
RH10 1HS

VJ TECHNOLOGY TRADING LIMITED

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## VJ TECHNOLOGY TRADING LIMITED

### STRATEGIC REPORT

For the year ended 31 December 2019

#### Business review

The principal activity of the company continues to be that of a holding company. The company has owned 100% of the share capital of VJ Technology Limited throughout the year. On 28 March 2019 the company acquired 100% of the share capital of Mainline Products (UK) Limited. On 24 October 2019 the company acquired 100% of the share capital of Sinops Limited. The company carries on no other business. Consolidated accounts have not been prepared for the group as these are incorporated in the financial statements of VJ Technology Holdings Limited.

No separate strategic report has been prepared for this company, but the strategic report of VJ Technology Limited is reproduced below. That report reflects the business review, key performance indicators and principal risks and uncertainties for the group as a whole from an operating viewpoint. VJ Technology Trading Limited will continue to look at opportunities to grow the profitability of the group by considering further business acquisitions within the supply chain.

#### Business review

The principal business of the company continues to be the provision of technical fixings and solutions to the construction industry. The company was created in 2018 to buy out a division of SIG plc, that had been growing strongly and profitably over the last 20 year. The company fully opened its Scottish branch in March 2019 and subsequently opened two depots in greater London to better serve its customers in those regions. During 2019 the parent company of VJ Technology Limited, VJ Technology Trading Limited made 2 acquisitions. Sinops Limited which has added resilience to the supply chain and Mainline Products (UK) Limited which has a specialist fixings product with a cross over of customers with VJ Technology Limited. This acquisition will enable sales growth through gap fill between the two customer bases in 2020.

The company has continued its investment in people and systems to give the company a sound footing on which to develop and expand. The company has increased its national coverage on it's own vehicles with further vehicles added during the year and customer service excellence with a view to maximising sales and profitability. During 2019 the business spent over £2m successfully implementing a new sales office and WMS system. These systems give a solid platform for growth, improve efficiency and remove any keyman dependencies.

These measures will be in the directors' review of the key performance indicators for the business which they have considered to be as below:

	<u>2019</u>	<u>2018</u>
Turnover	£35,476k	£16,717k
Gross profit	£16,051k	£7,233k
Gross profit percentage	45.2%	43.3%
EBITDA (see note)	£4,476k	£1,493k
Retained profit/(loss)	£530k	(£96k)

EBITDA is used within the business as a measure of the controllable day to day profitability, being the earnings before, interest, taxation, depreciation, amortisation and other exceptional and non-recurring costs. This equates to the operating profit of £1,323k (2018: £169k) plus the depreciation and amortisation charges £1,068k (2018: £399k) and non-recurring exceptional costs of £2,085k (2018: £925k).

#### Principal risks and uncertainties

Brexit

## VJ TECHNOLOGY TRADING LIMITED

### STRATEGIC REPORT

For the year ended 31 December 2019

The impact of Brexit on the company is difficult to quantify and the effects could range from difficulties delivering goods due to congestion in Kent, delays of our imported products, and lack of confidence in the construction industry, resulting in downturn in demand. Management are continually monitoring the situation and have taken some measures to mitigate some risks. The Covid crisis has given us the opportunity to stress test our supply chain and this went extremely well with no service issues during the initial months of the pandemic.

#### Covid 19

The Covid crisis continues but the business has performed better than Directors' expectations during this period. After an initial sharp downturn in trade during early April sales have steadily recovered. It was noted by the Directors that the construction industry was not closed down and that the downturn in sales was caused by construction companies learning to work in a socially distanced way. The Directors have ensured that the liquidity of the business has been strengthened through the addition of an additional £3M of cash with a new finance facility and the bankers PNC provided a 6 month covenant waiver and loan amortisation reduction to give the company the tools to work through the crisis. This new finance facility will enable the business to meet any liquidity requirements of the business if there is a second wave which creates the same lockdown situation as seen in the first wave. The business is well placed to work through any second wave given its liquidity and that the construction industry did not lock down and after the initial shock sales quickly recovered to covenant compliant levels.

#### Construction market

There is a risk that the construction market has a significant downturn. Management monitor continually the state of the market and review industry data of new construction projects as well as continual dialog with our customers. This provides advance information to allow for major structural changes if required.

#### Systems risk

As a part of the buyout, there has been a significant investment in the systems of the business throughout 2018 and 2019. These new systems which include, sales, purchasing, warehouse management and transport management, are beginning to show a benefit to the company and will have significant benefits going forward.

#### Employee risk

The company is proud of its hard-working staff, many of whom have been with the business for more than 20 years. The company is fully aware of the need to reward, train and develop these key individuals as well as supplement them with new high-quality employees. Long-term incentive plans have been developed to retain key staff.

#### **Financial instrument risk**

The company uses various financial instruments, including loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

#### Interest rate risk

The company finances its operations through, bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

## VJ TECHNOLOGY TRADING LIMITED

### STRATEGIC REPORT

For the year ended 31 December 2019

#### Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. Short term flexibility is achieved by flexible banking facilities, that allows funds to be drawn and repaid without penalty. Debt is structured so repayments can be made out of cash generated through operations.

#### Credit risk

The principal credit risk arises from its trade debtors. In order to manage credit risk, the directors review payment history, third party credit references, debt ageing and collection history on a regular basis. Where appropriate trade debtors are insured. There is no over dependency on any one customer, most of whom have been loyal to us over many years.

#### Post balance sheet events

Since the yearend there has been a global pandemic caused by the Covid 19 virus. There has been no impact on year end or the realisation of balances and therefore no impairments have been identified. During the lockdown caused by the pandemic, demand initially fell sharply in April 2020, but has steadily risen as the country has slowly moved out of lockdown. The group benefited from the fact that at no point was the construction industry closed down. The group is operating profitably.

In May 2020 the group successfully negotiated additional financing from Investec Bank plc in the form of a £3m loan with a flexible repayment option between May 2021 and May 2022. Interest will be charged on the loan at 3.84%.

The financial services institution which provided the bank loan included in creditors as disclosed in note 17 on page 23, have been very supportive during the pandemic. For the period April to August 2020 the FCCR covenant has been waived and the loan amortisation was reduced by £1M providing extra liquidity to the business. The FCCR covenant recommences in September 2020.

The above report of VJ Technology Limited was approved by its board on 23 September 2020.

This report was approved by the board and signed on its behalf.

*Andrew Mobbs*

Andrew Mobbs - Director

Date: 23/9/2020

## VJ TECHNOLOGY TRADING LIMITED

### DIRECTORS' REPORT

For the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

#### Results and dividends

The loss for the year, after taxation, amounted to £1,604k (2018: £904k)

#### Directors

The directors who served during the year were:

Alistair Paul Armstrong	
Anthony Stephen Aldgate	
Ross James Bartlett	
Kelly Anne Bedding	(Resigned 22 May 2019)
Lee Alan Martin	
Hedley John Mayor	(Resigned 30 September 2019)
Mark Gerald Tomlin	

The following director was appointed after the year end:  
Andrew Graham Mobbs                      4 February 2020

#### Directors' responsibilities statement

The directors are responsible for preparing the company strategic report, the directors' report and the company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

## VJ TECHNOLOGY TRADING LIMITED

### DIRECTORS' REPORT

For the year ended 31 December 2019

#### **Matters covered in the strategic report**

Information in respect of future developments, financial risk management and exposure to risks and post balance sheet events are not shown in the Directors' report because they are presented in the Strategic Report in accordance with s414c(ii) of the Companies Act 2006.

#### **Going Concern**

As indicated above, the company has sustained a loss during the first two periods of trading, primarily as a result of the accrued interest on the loan notes and therefore has a deficit on its profit and loss account carried forward. However, it has significant total assets after deducting current liabilities. The company is part of the wider VJ Technology Holding Limited group and subject to group wide covenants. The directors have therefore considered the wider group as well as the company.

The group has generated an operating profit during the period of trading, however primarily as a result of the accrued interest on the loan notes and the new system implementation costs this leads to a retained loss in the period. Therefore, there is a deficit on its profit and loss account carried forward. However, it has significant total assets after deducting current liabilities. Further to this the asset backed lending facility is classified as a current liability despite the facility being in place until July 2022.

During the lockdown caused by the pandemic, demand initially fell sharply in April 2020, but has since steadily risen in May, June and July 2020 to almost pre-lockdown levels and the group is now operating profitably. As highlighted in the strategic report the group obtained further funding of £3m and obtained a waiver of lender covenants for the six month period from April to September 2020. The terms of which are disclosed in note 20 (post balance sheet events).

The directors have reviewed numerous financial scenarios through to September 2021, including that of a second wave taking sales down to levels seen post the lockdown in May 2020. All the scenarios including this show the group and company has the required levels of liquidity and can meet its covenants by managing costs. All forecasts are inherently uncertain due to the current circumstances. However, the directors are confident given the headroom with liquidity and covenant compliance that the group and company have adequate resources for all reasonably expected eventualities.

After making enquiries and considering the above, the directors are confident that the company and the group will continue to have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the company continues to adopt the going concern basis in preparing its financial statements.

## VJ TECHNOLOGY TRADING LIMITED

### DIRECTORS' REPORT

For the year ended 31 December 2019

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**

In accordance with s484(4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf.

*Andrew Mobbs*

Andrew Mobbs - Director

Date: 23/9/2020

## VJ TECHNOLOGY TRADING LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VJ TECHNOLOGY TRADING LIMITED

For the year ended 31 December 2019

#### Opinion

##### **Our opinion on the financial statements is unmodified**

We have audited the financial statements of VJ Technology Trading Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 Financial Reporting Standard 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 December 2019 and of its loss 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 as applied to listed entities, 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.

#### **The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

## VJ TECHNOLOGY TRADING LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VJ TECHNOLOGY TRADING LIMITED

For the period ended 31 December 2019

#### 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

#### Overview of our audit approach



**Grant Thornton**

- Overall materiality: £125,000 which represents 5% of the company's net assets;
- The key audit matters identified were the accuracy of accounting for the significant acquisitions and going concern; and
- We performed full scope audit procedures on the financial statements of the company.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# VJ TECHNOLOGY TRADING LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VJ TECHNOLOGY TRADING LIMITED

For the period ended 31 December 2019

Key Audit Matters	How the matter was addressed in the audit
<p><b>Accounting for the significant acquisitions of subsidiaries</b></p> <p>Due to the significant acquisitions of subsidiaries during the period, we identified the accounting for the transactions as a significant risk. This was due to the size possible complexity of the transactions. This was one of the most significant assessed risks of material misstatement.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>considering the appropriateness of the company's accounting for investments by corroborating the transactions to signed agreements to assess whether they had been accounted for in accordance with the terms set out therein; and</li> <li>assessing whether the treatment applied and disclosures made in the financial statements were in accordance with United Kingdom Generally Accepted Accounting Practice.</li> </ul>
<p><b>Going concern</b></p> <p>As stated in the 'The impact of macro-economic uncertainties on our audit' section of our report, Covid-19 is amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the wider group and the company and as such increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements. We therefore identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p><b>Key observations</b></p> <p>We did not identify any material misstatement in respect of the accounting for the significant acquisitions of subsidiaries by the Company during the period.</p> <p>We undertook audit procedures to evaluate management's assessment of the impact of Covid-19. Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>Obtaining management's base case cash flow forecasts covering the period from 1 September 2020 to 30 September 2021 for the wider group, assessing how these cash flow forecasts were compiled and assessing their appropriateness by applying appropriate sensitivities to the underlying assumptions, which we also challenged;</li> <li>Assessing the accuracy of management's past forecasting by comparing management's forecasts for performance since 1 April 2020 to the actual results for the period for the wider group and considering the impact on the base case cash flow forecast;</li> <li>Obtaining management's downside scenarios prepared to assess the potential impact of Covid-19 on the wider group. We evaluated management's assumptions regarding the impact of the reduction in revenue. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken;</li> <li>Assessing the impact of the mitigating factors available to management in respect of the ability to restrict cash impact, including the level of available facilities; and</li> <li>Assessing the adequacy of related disclosures within the annual report.</li> </ul> <p>The company's accounting policy on going concern is shown in note 3 to the financial statements.</p> <p><b>Key observations</b></p> <p>Based on the procedures performed, we have identified no issues regarding management's assessment of the impact of Covid-19. We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report.</p>

## VJ TECHNOLOGY TRADING LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VJ TECHNOLOGY TRADING LIMITED

For the period ended 31 December 2019

#### Our application of materiality

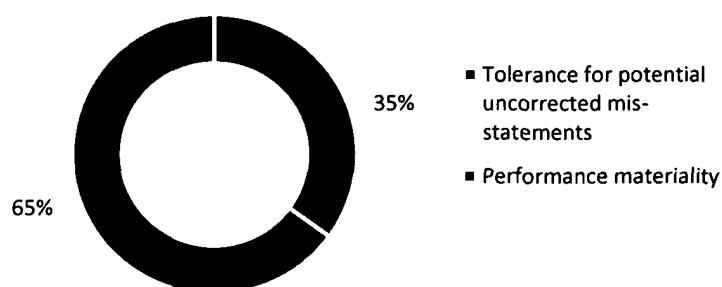
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £125,000, which is 5% of the company's net assets. This benchmark is considered the most appropriate because the company's primary focus is the holding of its investment.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 65% of financial statement materiality.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

#### Overall materiality



We also determine a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £6,000. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

#### An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the company's business, its environment and risk profile and in particular included:

- undertaking a planning visit to evaluate the company's internal control environment and selecting items relating to the acquisition to test during our procedures at the final audit stage; and
- performing full scope audit procedures on the financial statements of the company.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors Report and Strategic 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.

## VJ TECHNOLOGY TRADING LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VJ TECHNOLOGY TRADING LIMITED

For the period ended 31 December 2019

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.

#### **Our opinion on other matters prescribed by the Companies Act 2006 is unmodified**

In our opinion, based on the work undertaken in the course of the audit:

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

#### **Matter on which we are required to report under the Companies Act 2006**

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 or the directors' report.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 for the financial statement**

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.

## VJ TECHNOLOGY TRADING LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VJ TECHNOLOGY TRADING LIMITED

For the period ended 31 December 2019

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

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

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

#### **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.

*Grant Thornton UK LLP*

Adam Terry BSc ACA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Crawley  
Date: 23/9/2020

VJ TECHNOLOGY TRADING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	<b>Note</b>	<b>Year ended 31 December 2019 £'000</b>	<b>31 May 2018 to 31 December 2018 £'000</b>
Administrative expenses		-	(45)
Interest payable and similar charges	7	(1,604)	(859)
<b>Loss on ordinary activities before taxation</b>	8	(1,604)	(904)
Tax on loss on ordinary activities	10	-	-
<b>Loss for the financial period</b>		<u>(1,604)</u>	<u>(904)</u>
<b>Total comprehensive income</b>		<u>(1,604)</u>	<u>(904)</u>

The notes on pages 18 to 27 form part of these financial statements

There was no other comprehensive income in the period

## VJ TECHNOLOGY TRADING LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investments	11	<u>21,941</u>	<u>14,167</u>
<b>Current assets</b>			
Debtors	12	-	3,351
<b>Creditors: amounts falling due within one year</b>	13	<u>(6,244)</u>	<u>(3,603)</u>
<b>Net current liabilities</b>		<u>(6,244)</u>	<u>(252)</u>
<b>Total assets less current liabilities</b>		15,697	13,915
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(18,205)</u>	<u>(14,819)</u>
<b>Net liabilities</b>		<u>(2,508)</u>	<u>(904)</u>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Profit and loss account	16	<u>(2,508)</u>	<u>(904)</u>
		<u>(2,508)</u>	<u>(904)</u>

The notes on pages 18 to 27 form part of these financial statements

The financial statements were approved by the Board of Directors.

Signed on behalf of the board of directors:

*Andrew Mobbs*

**Andrew Mobbs - Director**

Date: 23/9/2020

Company registration no: 11391127

VJ TECHNOLOGY TRADING LIMITED

STATEMENT OF CHANGES IN EQUITY

For year ended 31 December 2019

	<b>Called-up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
Loss and total comprehensive income for the period	-	-	(904)	(904)
Transactions with owners:				
Issue of shares (£1)	-	-	-	-
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>(904)</b>	<b>(904)</b>

	<b>Called-up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>	<b>£ '000</b>
At 31 December 2018	-	-	(904)	(904)
Loss and total comprehensive income for the period	-	-	(1,604)	(1,604)
Transactions with owners:				
Issue of shares (£1)	-	-	-	-
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>(2,508)</b>	<b>(2,508)</b>

The notes on pages 18 to 27 form part of these financial statements

# VJ TECHNOLOGY TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 1 Company information

The company was incorporated in England on 31 May 2018. The registered office, which is also the principal place of business, is Technology House, Brunswick Road, Ashford, Kent TN23 1EN.

The principal activity of the company is that of a holding company.

### 2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 — 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The individual accounts of VJ Technology Trading Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

These financial statements are included within the consolidated accounts of VJ Technology Holdings Limited. Those accounts can be obtained from Technology House, Brunswick Road, Ashford, Kent TN23 1EN or Companies House.

The financial statements are presented in Sterling (£).

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its results are included within the consolidated financial statements of its parent undertaking, VJ Technology Holdings Limited, a company incorporated in the United Kingdom.

### 3 Going concern

As indicated above, the company has sustained a loss during the first two periods of trading, primarily as a result of the accrued interest on the loan notes and therefore has a deficit on its profit and loss account carried forward. However, it has significant total assets after deducting current liabilities. The company is part of the wider VJ Technology Holding Limited group and subject to group wide covenants. The directors have therefore considered the wider group as well as the company.

The group has generated an operating profit during the period of trading, however primarily as a result of the accrued interest on the loan notes and the new system implementation costs this leads to a retained loss in the period. Therefore, there is a deficit on its profit and loss account carried forward. However, it has significant total assets after deducting current liabilities. Further to this the asset backed lending facility is classified as a current liability despite the facility being in place until July 2022.

During the lockdown caused by the pandemic, demand initially fell sharply in April 2020, but has since steadily risen in May, June and July 2020 to almost pre-lockdown levels and the group is now operating

## VJ TECHNOLOGY TRADING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

profitably. As highlighted in the strategic report the group obtained further funding of £3m and obtained a waiver of lender covenants for the six month period from April to September 2020. The terms of which are disclosed in note 20 (post balance sheet events).

The directors have reviewed numerous financial scenarios through to September 2021, including that of a second wave taking sales down to levels seen post the lockdown in May 2020. All the scenarios including this show the group and company has the required levels of liquidity and can meet its covenants by managing costs. All forecasts are inherently uncertain due to the current circumstances. However, the directors are confident given the headroom with liquidity and covenant compliance that the group and company have adequate resources for all reasonably expected eventualities.

After making enquiries and considering the above, the directors are confident that the company and the group will continue to have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the company continues to adopt the going concern basis in preparing its financial statements.

#### **4 Significant judgements and estimates**

In preparing these financial statements management has made a number of significant judgements and estimates. This includes inter-co balances being included at full value on the basis that all group companies are solvent and have liquid funds to repay the debts on demand.

#### **5 Principal accounting policies**

##### Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

##### Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements. Consolidated accounts have not been prepared.

##### Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the 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.

## VJ TECHNOLOGY TRADING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

#### Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment

#### Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### Turnover

Currently, the company makes no supply of goods or services. Accordingly, there is no turnover.

## VJ TECHNOLOGY TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**6 Business combination**

On 28 May 2019 VJ Technology Trading Limited purchased the entire share capital of Mainline Products (UK) Limited. On 23 October 2019 VJ Technology Trading Limited purchased the entire share capital of Sinops Limited. In the previous year, on 29 June 2018 VJ Technology Limited made a business acquisition of the trade and assets used by a branch of SIG plc. Subsequently on the same date VJ Technology Trading Limited purchased the entire share capital of VJ Technology Limited. In December 2018 an additional 499,999 shares were allotted by VJ Technology Limited for which VJ Technology Trading Limited paid £5,000k.

These have been accounted for using the acquisition method. No other acquisitions were made during the year. Details of the purchase consideration, the fair values of the net assets acquired and goodwill arising on the acquisition are set out below. The goodwill includes existing customer relationships, the brand reputation and product designs relating to own brand products. The goodwill is being amortised over ten years which the directors consider to be a realistic estimate of its useful economic life taking account of the quality of service delivery and loyal and long-standing customer bases.

Mainline Products (UK) Limited purchase:

	<b>£'000</b>
	<b>Mainline Products (UK) Limited</b>
Purchase consideration	
Cash paid	4,605
Deferred cost	725
Legal and Professional fees	120
Cash paid	<u>5,450</u>

Assets and liabilities acquired	<b>Vendors' Book Value £'000</b>	<b>Fair value to the company £'000</b>
Tangible Fixed Assets	113	108
Stock	328	363
Debtors	515	444
Cash	1,746	1,746
Creditors	(636)	(613)
Net assets acquired	<u>2,066</u>	<u>2,048</u>
Goodwill arising		<u>3,402</u>

VJ TECHNOLOGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

Sinops Limited purchase:

	<b>2019</b>
	<b>£'000</b>
	<b>Sinops Limited</b>
Purchase consideration	
Cash paid	1,494
Deferred cost	700
Legal and Professional fees	130
Cash paid	<u>2,324</u>

Assets and liabilities acquired	<b>Vendors' Book Value £'000</b>	<b>Fair value to the company £'000</b>
Goodwill	140	-
Stock	72	72
Debtors	131	131
Cash	237	237
Creditors	(144)	(146)
Net assets acquired	<u>436</u>	<u>294</u>
Goodwill arising		<u>2,030</u>

Prior year acquisition of VJ Technology Limited:

	<b>2018</b>
	<b>VJ Technology Limited</b>
	<b>£'000</b>
Purchase consideration	
Cash paid	29,744
Legal and Professional fees	1,653
Cash paid	<u>31,397</u>

Assets and liabilities acquired	<b>Vendors' Book Value £'000</b>	<b>Fair value to the company £'000</b>
Tangible Fixed Assets	326	316
Stock	5,186	4,936
Debtors	6,832	6,832
Cash	4,549	4,549
Creditors	443	(310)
Net assets acquired	<u>17,336</u>	<u>16,323</u>
Goodwill arising		<u>15,074</u>

## VJ TECHNOLOGY TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**7 Interest Payable**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Bank Interest	44	108
Loan stock	<u>1,560</u>	<u>751</u>
	<u><u>1,604</u></u>	<u><u>859</u></u>

**8 Loss on ordinary activities before taxation**

Fees payable to the company's auditor for the audit of the company's financial statements are paid by a subsidiary company

**9 Directors and employees**

The company has no employees.

No remuneration was paid by the company to any director during the period.

**10 Tax on loss on ordinary activities**

The tax (credit)/charge is based on the profit for the period and represents:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
UK Corporation Tax	<u>-</u>	<u>-</u>
Tax on results on ordinary activities	<u><u>-</u></u>	<u><u>-</u></u>

The tax charged for the period is higher than the standard rate of corporation tax in the United Kingdom at 19%. The differences are explained as follows:

Loss on ordinary activities before tax	<u><u>(1,604)</u></u>	<u><u>(904)</u></u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19%	<u>(305)</u>	<u>(172)</u>
Expenses not deductible for tax purposes	<u>305</u>	<u>168</u>
Losses not recoverable in foreseeable future	<u>-</u>	<u>4</u>
Tax on results on ordinary activities	<u><u>-</u></u>	<u><u>-</u></u>

**11 Investments**

Total fixed asset investments comprise:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Interests in subsidiaries		
Brought forward	14,167	-
Additions in the year	<u>7,774</u>	<u>14,167</u>
Carried forward	<u><u>21,941</u></u>	<u><u>14,167</u></u>

# VJ TECHNOLOGY TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

Additions in the year comprise:	<u>Mainline Products (UK) Limited</u>	<u>Sinops Limited</u>
	£'000	£'000
Initial purchase of share capital	4,605	1,494
Legal and profession fees	120	130
Deferred costs	725	700
	<u>5,450</u>	<u>2,324</u>

### Interests in subsidiaries

At 31 December 2019 the company had interests in the following subsidiary:

Subsidiary	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
VJ Technology Limited	Ordinary	100%	United Kingdom	Sale of construction Fittings and tools
The profit for the period was £530k (2018: £96k loss) and the aggregate amount of capital and reserves at the end of the period was £5,434k (2018: £4,904k).				
Mainline Products (UK) Limited	Ordinary	100%	United Kingdom	Sale of specialised construction materials
The profit/loss for the period was £703k (2018: 743k) and the aggregate amount of capital and reserves at the end of the period was £2,336k (2018: £1,685k).				
Sinops Limited	Ordinary	100%	United Kingdom	Manufacturer of fasteners, screw machine products and metal structures
The profit for the period was £6k (2018: £64k) and the aggregate amount of capital and reserves at the end of the period was £234k (2018: £228k).				

The registered office of Sinops Limited and VJ Technology Limited are the same as VJ Technology Trading Limited: Technology House, Brunswick Road, Ashford, Kent. TN23 1EN.

The registered office of Mainline Products (UK) Limited is Unit 3b Aspect Court, Cannel Row, Silverdale Enterprise Park, Newcastle Under Lyme, Staffs ST5 6SE

### 12 Debtors

	2019 £'000	2018 £'000
Amounts owed by subsidiary undertaking	-	3,351
	<u>-</u>	<u>3,351</u>

Amounts owed by subsidiary undertaking are payable on demand and interest free

## VJ TECHNOLOGY TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**13 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Bank Loan	-	2,058
Amounts owed to parent undertaking	758	739
Amounts owed to subsidiary undertaking	5,137	-
Other creditors	349	33
Accruals	-	773
	<u>6,244</u>	<u>3,603</u>

The bank loan was repaid in June 2019. Interest was charged quarterly at 3.5% above base rate. This was not secured on assets of the company.

Amounts owed to parent and subsidiary undertakings are payable on demand and are interest free.

**14 Creditors: amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Loan notes	17,130	14,819
Other creditors	1,075	-
	<u>18,205</u>	<u>14,819</u>

The Loan Notes, including capitalised interest, of £17,130k (2018: £14,819k) were created based on an Instrument constituting £20,000,000 10% Fixed Rate Secured Loan Notes dated 29 June 2018. These are secured by a fixed and floating charge over all property of the company.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	-	-
Between one to two years	-	-
Between two to five years	-	-
More than five years	17,130	14,819
	<u>17,130</u>	<u>14,819</u>

## VJ TECHNOLOGY TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**15 Called up share capital**

	<b>2019</b>	<b>2018</b>
Authorised, allotted and fully paid: one deferred share of 1p each	<u>£1</u>	<u>£1</u>

Consideration received for the allotment of shares during the year was nil (2018: £1) being the one subscriber share which was allotted with a nominal value of £1 on 31st May 2018. Each share has full rights in the company with respect to voting and distributions.

**16 Reserves**

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all retained profits and losses since incorporation, including profits earned in subsidiary undertakings since acquisition.

**17 Capital commitments**

The company had no capital commitments at 31 December 2019 (2018 nil).

**18 Transactions with related parties**

The group has taken advantage of the exemptions provided in section 33.1A of Financial Reporting Standard 102 from the requirement to disclose transactions with wholly owned group members.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Accrual of Loan Note interest payable to Primary Capital IV (Nominees) Limited, all of which was outstanding at the balance sheet date	<u>1,560</u>	<u>751</u>

The immediate and ultimate parent undertaking is VJ Technology Holdings Limited and the ultimate controlling party of the group is Primary Capital Partners LLP.

**19 Ultimate parent company and controlling party**

The immediate and ultimate parent Company is VJ Technology Holdings Limited. It is also the ultimate parent company of the largest and smallest group for which the group accounts are prepared. Copies of the Group financial statements can be obtained from the parent Company's registered office at Technology House, Brunswick Road, Ashford, Kent TN23 1EN or Companies House.

The Directors consider that the ultimate controlling party of the group is Primary Capital Partners LLP.

## VJ TECHNOLOGY TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

**20 Post balance sheet events**

Since the yearend there has been a global pandemic caused by the Covid 19 virus. There has been no impact on year end or the realisation of balances and therefore no impairments have been identified. During the lockdown caused by the pandemic, demand initially fell sharply in April 2020, but has steadily risen as the country has slowly moved out of lockdown. The group benefited from the fact that at no point was the construction industry closed down. The group is operating profitably.

In May 2020 the group successfully negotiated additional financing from Investec Bank plc in the form of a £3m loan with a flexible repayment option between May 2021 and May 2022. Interest will be charged on the loan at 3.84%.

The financial services institution which provided a bank loan to the group have been very supportive during the pandemic. For the period April to August 2020 the FCCR covenant has been waived and the loan amortisation was reduced by £1M providing extra liquidity to the business. The FCCR covenant recommences in September 2020.

# Laser Room Work Sheet



Job Number:

Customer:

Job Name

Section:

Quantity Records:

Total Sheets:

Date:

Start Record:

End Record:

of