Registration number: 01341840

VAX LIMITED

Annual Report and Financial Statements

for the financial year ended
31 December 2022

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OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS
D Winterbottom
D Lautenschlaeger (resigned 23 February 2022)
D Clayton (appointed 23 February 2022)

REGISTERED OFFICE
Artillery House
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Droitwich
United Kingdom
WR9 8YB

BANKERS
HSBC Bank PLC
130 New Street
Birmingham
B2 4JU

SOLICITORS
EMW LLP
Seebeck House
1 Seebeck Place
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Milton Keynes
MK5 8FR

AUDITOR
Deloitte LLP
Statutory Auditor
Reading, United Kingdom

STRATEGIC REPORT

BUSINESS REVIEW

During the year the principal activities of Vax Limited (the "Company" or "Vax") were the development and distribution of a range of floor care products.

The Vax business demonstrated its resilience in 2022 despite the challenging operational environment and made progress during the year developing the key strategic categories of cordless cleaning, carpet washers and spot washers. Vax delivered revenue of £148m in the year (2021: £164m) a 10% decrease year on year following a post-pandemic consumer demand reduction in the floor care market, as beneficiaries of a surge in demand during the lockdown years.

As the UK's number 1 brand in carpet washing, Vax continued to expand its portfolio of carpet cleaners, as well as spot washers, with the brand-new triggerless VAX PLATINUM SMARWASH PET-DESIGN, and the versatile VAX SPOTWASH HOME PET-DESIGN. Offering features such as motion-sense technology, dedicated tools and expert cleaning features, the products are designed to both rescue and revive, easily removing dirt, spills, stains - even pet mess - throughout both home and car, leaving carpets and upholstery looking and smelling fresh.

Vax continues advancement in the development of its cordless floor care cleaning range with the ONEPWR battery system. This fully-compatible network of batteries and machines allows users to clean what they want, when they want – without sacrificing performance or runtime. The true benefit of the ONEPWR battery system is that every ONEPWR battery works with every VAX ONEPWR cordless product across categories of vacuums, spot and hard floor cleaners.

The company is aware of and continues to feel the impact of the economic challenges of reduced consumer confidence following on from the War in Ukraine, inflationary cost pressures and the cost-of-living crisis. Vax positions investment in R&D towards carpet and spot washing and cordless technology adding value to consumer's homes, whilst remaining focused on driving operational efficiencies, streamlining overhead cost base in parallel with driving revenue growth.

FUTURE DEVELOPMENTS

The Company is building on the success of its suite of products and continues to strengthen the range through new product launches into 2023. Vax has gained traction in the strategic categories of carpet washers, spot washers and solution formulas, whilst also building out the high potential Vax cordless ONEPWR system.

Following the huge success of the Vax SPOTWASH HOME DUO spot cleaner in 2022, leveraging the market leading position, Vax has grown and gained momentum in the spot washing category with the innovative and expanding portfolio launch of the SPOTWASH MAX DUO and MAX DUO PET-DESIGN. Our most powerful Spot Washer with 30% more suction power to give the best cleaning results when tackling stubborn stains, spills and pet messes. With powerful extraction and double the tank capacity, clean, revive and restore throughout the whole home and car.

Ongoing macroeconomic and geopolitical uncertainty have been considered by the company and is aware of the economic challenges following from ongoing conflict in Ukraine and Gaza. Inflationary uncertainties continue to pose a risk in future, however with price pressures falling in 2023 following the surge in costs in 2022 the company is confident that it can continue to withstand any further cost fluctuations.

Additionally, consumers of cordless products have high expectations and demand performance levels to rival corded equivalents, as well as good battery run time. Vax aims to be at the forefront of latest technologies and innovation and continually invests in R&D. The Company has confidence in the future developments as it pursues to position its business to deliver consistently improving financial results in the years ahead.

FUTURE DEVELOPMENTS (continued)

Vax is aware that the UK floor care market continues to be volatile, particularly due to economic uncertainty caused by inflationary pressures and the rising cost of living as knock on impacts of the war in Ukraine and global supply chain constraints. Additionally, consumers of cordless products have high expectations and demand performance levels to rival corded equivalents, as well as good battery run time. Vax aims to be at the forefront of latest technologies and innovation and is positioning investment in R&D towards carpet washing and cordless technology. The Company has confidence in the future developments as it continues to position its business to deliver consistently improving financial performance in the years ahead.

PRINCIPAL RISKS AND UNCERTAINTIES

The floorcare market is a mature market with established brands creating barriers for new entrants. The Company maintains its competitive advantage through innovations and new products as a result of its strong focus on R&D.

The directors have reviewed the financial risk management objectives and policies of the Company. Appropriate trade terms are negotiated with suppliers and customers. Management review these terms and the relationships with suppliers and customers and manage any exposure on normal trade terms.

The management of the business and the execution of the company's strategy are subject to risks, the key business risks affecting the company are set out below.

ECONOMIC RISK

The Company is exposed to changes in the general economic outlook and retail conditions in its principal markets.

The changing landscape of the floorcare market continues to create uncertainty both for demand and supply. The Company spreads its risk across both retail and online customers with a range of floorcare products to cater for varying customer requirements. This is supported by strong group supply chain.

FINANCIAL RISK

The Company's activities expose it to a number of financial risks including: credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

CASH FLOW RISK

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

CREDIT RISK

The Company's principal financial assets are cash at bank and in hand, trade and other debtors.

The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company spreads credit risk exposure over a large number of counterparties and customers.

LIQUIDITY RISK

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements on page 18, Going Concern.

INTEREST RISK

Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

KEY PERFORMANCE INDICATORS

The Company produces detailed management accounts on a monthly basis and a number of Key Performance Indicators are an integral part of this process. The monthly management reporting and accounts focus on the actual performance of the business compared to the budget set for the current financial year and the actual performance for the previous financial year.

The financial KPIs that are part of this review process include sales turnover change, gross profit percentage, overhead costs as a percentage of revenue and operating profit percentage. Working capital measurement includes inventory days and debtor days.

Non-financial measures include employee turnover and employee numbers. Headcount change is an important indicator for the Company as a reflection on its ability to adapt to market and turnover change. In addition, a significant number of other non-operational KPIs are monitored in relation to the Company's performance in respect of contract arrangements with both customers and suppliers.

The table below sets out the key KPIs:

	2022	2021
Turnover change[1]	-10%	15%
Gross profit percentage[2]	21%	28%
Overhead costs percentage[3]	12%	19%
Operating profit percentage[4]	1%	2%
Inventory days[5]	120	154
Debtor days[6]	54	47
Headcount change[7]	-2%	16%

1. Turnover change measures the year on year progression of turnover from the continuing operations. Please see comments in Business Review section regarding the movement in turnover during the year.

2. Gross profit percentage is the Company's gross profit expressed as a percentage of turnover. The decrease in the year is attributable to the increased costs of production as a result of an inflationary economic environment.

3. Overhead costs percentage is determined as overhead costs expressed as a percentage of turnover. The reduction in the year is due to relatively controlled strategic spend and indirect costs relative to the change in turnover.

4. Operating profit/(loss) percentage is calculated as operating profit/(loss) expressed as a percentage of turnover. The change in the year as a result of the increased costs in an inflatinary economic environment relative to the change in turnover and controlled overhead spend.

5. Inventory days represent the average number of days the Company holds its inventory before selling it. The reduction in Inventory levels as a result of strong supply chain management as production reliabilities improved in the year.

6. Debtor days are presented as the average number of days the Company takes to collect cash from its trade debtors. The increase in the year is predominantly due to customer portfolio and growth in the Company's retail business.

7. Headcount change is defined as the movement in the number of average heads expressed as a percentage of the prior year average headcount. Headcount in the year changed as a response to the business activity levels.

COMPANY STAKEHOLDER ENGAGEMENT

Vax has a broad range of stakeholders, who are taken into consideration by the company during the course of its operations.

Employees, customers, suppliers, and the broader community are our key stakeholder groups. We maintain regular communication with regulatory authorities, business partners, customers, suppliers, employees, and community members to understand their priorities and sustainability-related concerns.

The table below identifies our key stakeholders, their main areas of interest that inform the content of our reporting, and the ways that we engage with them.

Stakeholder Groups	Key Concerns / Areas of Interest	Engagement channels	Frequency
Employees	- Working terms, conditions and benefits - Equal opportunities - Health, safety and wellness - Training and development - Governance - Community engagement	- Compliance hotline - TTI Group Intranet - Learn TTI e-learning platform - Face-to-face trainings	- Ongoing basis - Annual compliance training - Topic-specific training available all year round
Customers	- Social and environmental responsibility - Modern slavery - Packaging - Battery recycling - Quality of products, including safety and environmental impact - Circular economy - Transport, storage and recycling of products - Cost	- Acknowledge customers' policies and codes - Conduct audits and implement corrective action plans in accordance with TTI's requirements and communicate regularly on progress - Focus groups at product development stage - Customer service	- Ongoing basis - Declarations and audits once a year - Product presentation conferences on ad-hoc basis
Suppliers	- Governance - Anti-corruption - Social and environmental responsibility - Quality of products including safety and environmental impact - Cost	- Compliance hotline - Regular meetings - On-site visits from our quality employees	- Ongoing basis
Community	- Diversity of employees - Equal opportunities - Training and development programs - Social and environmental responsibility - Product and manufacturing health and safety	- Learn TTI e-learning platform - HR recruitment policies - Community events with local associations	- Ongoing basis

Section 172(1) statement

The Directors' regard to the matters set out in s.172(1)(a-f) of the Companies Act is embedded in the decision-making process, business strategy, culture, governance framework and stakeholder engagement process. The Directors are focused on achieving a long term success for the Company, taking into account the impact of relevant factors and stakeholder interests on the Company's performance. The Directors identify and manage principal risks facing the business and promote a culture of the highest standards of business conduct. The Directors ensure that the Company's values are communicated to the employees and embedded in the policies and procedures, employee induction and training programmes and the risk management framework. The Directors recognise that building strong and lasting relationships with the Company's stakeholders will help to deliver the long-term strategy and operate a sustainable business.

The information set out in the Strategic report and the Directors' report should also be used to identify information relevant to s.172(1) factors.

Approved by the Board of Directors and signed on behalf of the Board

Company Director
D Clayton
Date: 14 December 2023

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2022.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic report on page 4 which forms part of this report.

CAPITAL CONTRIBUTIONS

There were no capital contributions during the year ended 31 December 2022 (2021: £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Vax hedges exchange rate risk effectively through the purchase of forward contracts, particularly in US Dollars, the currency in which the majority of business' inventory is purchased in. These forward contracts also cover the business' short and medium liabilities, which has become particularly important in the current context of currency volatility.

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, on a Company wide level and at an individual basis, multiple times throughout the year. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

RESEARCH AND DEVELOPMENT

The TTI Group continues to invest in research and development expenditure. This has resulted in a number of new products being launched recently which are expected to make a contribution to the growth of the business. The directors regard investment in this area as a prerequisite for success in the medium to long-term future.

Research and development expenditure of £3,665,000 (2021: £3,853,000) was recharged to Techtronic Cordless GP, a fellow subsidiary of ultimate parent company Techtronic Industries Company Limited, during the year.

EVENTS AFTER BALANCE SHEET DATE

There were no events requiring further disclosure after the Balance Sheet date.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were as follows:

D Winterbottom
D Clayton
D Lautenschlaeger

DIRECTORS' REPORT (continued)

GOING CONCERN

The Company has a significant loan due to a group company, repayable on demand. Interest is charged on the intercompany loan and is repaid in semi-annual instalments.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses debt finance from its parent company. The Company manages its working capital through cash generated by its trading operations. Any bank overdraft is secured by way of a standby letter of credit from the parent company.

After making enquiries and reviewing cash flow forecasts and available facilities for a period of at least 12 months from the date of signing these financial statements, the Directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Uncertainties resulting from the ongoing global conflicts is a worldwide concern and with the situations as they currently stand today, we believe that we are well positioned given our diversified sales base, manufacturing base and supply chain to deal with the challenges that may present themselves and we are confident we will be able to deliver a solid 2023.

A letter of support is obtained from the parent company which guarantees sufficient funds would be available to support the activities of Vax for the foreseeable future.

Accordingly, these financial statements have been prepared on a going concern basis.

DIVIDENDS

The directors do not recommend the payment of a dividend (2021: £nil).

AUDITOR

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

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

Company Director
D Clayton
Date: 14 December 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 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; and
- 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VAX LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Vax Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 19.

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).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in respect of this regard.

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 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 financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

• had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation and Waste Electrical & Electronic Equipment (WEEE) Regulations; and

• do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Health and Safety Act, Online and Distance Selling Regulations, Consumer Rights Act and GDPR.

We discussed among the audit engagement team including relevant internal specialists such as tax and valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

• the potential for fraudulent non-routine manual journals to revenue. In order to address this risk, we selected a sample of manual journals to revenue to ensure that each journal has been made for an appropriate commerical reason, has valid supporting evidence and in accordance with the company's accounting policies.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

• reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

• enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
• reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VAX LIMITED (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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 or 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.

We have nothing to report in respect of these matters.

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.

Andrew Hornby

Andrew Hornby (FCA)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading
United Kingdom

Date: 14 December 2023

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2022

	Note	2022 £000	2021 £000
TURNOVER	1	147,525	164,174
Cost of sales		(117,009)	(118,240)
GROSS PROFIT		30,516	45,934
Distribution costs		(12,101)	(12,217)
Administrative expenses		(17,770)	(31,333)
Other operating income	4	184	454
		(29,687)	(43,096)
OPERATING PROFIT	3	829	2,838
Interest payable and similar expenses	5	(376)	(370)
PROFIT BEFORE TAXATION		453	2,468
Tax on profit	6	-	-
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		453	2,468

All activities are derived from continuing operations.

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2022

	Note	2022 £000	2021 £000
PROFIT FOR THE FINANCIAL YEAR		453	2,468
Cash flow hedges			
(Loss)/Gain arising during the year	19	(2,934)	4,896
OTHER COMPREHENSIVE (LOSS)/INCOME		(2,934)	4,896
TOTAL COMPREHENSIVE (EXPENSE)/INCOME ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		(2,481)	7,364

BALANCE SHEET
As at 31 December 2022

	Note	2022 £000	2021 £000
FIXED ASSETS			
Tangible assets	7	2,557	2,972
		2,557	2,972
CURRENT ASSETS			
Stocks	8	27,774	37,783
Debtors	9	43,221	38,796
Cash at bank and in hand		18,592	16,379
		89,587	92,958
CREDITORS: amounts falling due within one year	10	(103,133)	(103,555)
NET CURRENT (LIABILITIES)		(13,546)	(10,597)
TOTAL ASSETS LESS CURRENT LIABILITIES		(10,989)	(7,625)
PROVISIONS FOR LIABILITIES	11	(250)	(1,133)
NET (LIABILITIES)		(11,239)	(8,758)
CAPITAL AND RESERVES			
Called up share capital	12	33	33
Share premium account	19	27,408	27,408
Profit and loss account	19	(37,566)	(38,019)
Hedging reserve	19	(1,114)	1,820
SHAREHOLDERS' (DEFICIT)		(11,239)	(8,758)

The financial statements of Vax Limited, registered number 01341840, were approved by the Board of Directors and authorised for issue on and signed on its behalf by:

D Clayton
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Share capital £000	Share premium account £000	Hedging reserve £000	Profit and loss account £000	Total £000
AT 1 JANUARY 2021	33	27,408	(3,076)	(40,487)	(16,122)
Profit for the financial year	-	-	-	2,468	2,468
Fair value loss on foreign currency forward contracts in hedge accounting	-	-	4,896	-	4,896
TOTAL COMPREHENSIVE EXPENSE	-	-	4,896	2,468	7,364
AT 31 DECEMBER 2021	33	27,408	1,820	(38,019)	(8,758)
AT 1 JANUARY 2022	33	27,408	1,820	(38,019)	(8,758)
Profit for the financial year	-	-	-	453	453
Fair value profit on foreign currency forward contracts in hedge accounting (see note 18)	-	-	(2,934)	-	(2,934)
TOTAL COMPREHENSIVE INCOME	-	-	(2,934)	453	(2,481)
AT 31 DECEMBER 2022	33	27,408	(1,114)	(37,566)	(11,239)

STATEMENT OF ACCOUNTING POLICIES
Year ended 31 December 2022

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies are described below and have been applied consistently in the current and preceding year.

General information and basis of preparation

Vax Limited is a private company, limited by shares, registered in England and incorporated in the United Kingdom in accordance with section 401 of the Companies Act 2006. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 4 to 7.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, being derivative financial assets and liabilities, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional currency of Vax Limited is considered to be pounds sterling because that is the currency of the United Kingdom, the primary economic environment in which the Company operates.

Vax Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company has taken the exemption from preparing consolidated financial statements because it is a wholly owned subsidiary of the company Techtronic Industries Company Limited (TTI), incorporated in Hong Kong which prepares publicly available consolidated financial statements including the accounts of the Company drawn up in a manner equivalent to the Seventh European company Law directive.

The individual accounts of Vax Limited have adopted the following disclosure exemptions under section 1 of FRS 102:

- financial instrument disclosures;
- the requirement to present a statement of cashflow;
- intra-group transactions.

These financial statements present information about the Company as an individual undertaking and not about its group.

Going Concern

The Company has a significant loan due to a group company, repayable on demand. Interest is charged on the intercompany loan and is repaid in semi-annual instalments.

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Company uses debt finance from its parent company. The Company manages its working capital through cash generated by its trading operations. Any bank overdraft is secured by way of a standby letter of credit from the parent company.

After making enquiries and reviewing cash flow forecasts and available facilities for a period of at least 12 months from the date of signing these financial statements, the Directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Uncertainties resulting from the ongoing global conflicts is a worldwide concern and with the situations as they currently stand today, we believe that we are well positioned given our diversified sales base, manufacturing base and supply chain to deal with the challenges that may present themselves and we are confident we will be able to deliver a solid 2023.

A letter of support is maintained from the parent company which guarantees sufficient funds would be available to support the activities of Vax for the foreseeable future.

Accordingly, these financial statements have been prepared on a going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost less estimated residual value of fixed assets by equal instalments over their estimated useful lives as follows:-

Leasehold improvements	10 – 15 years
Computer equipment	3 – 5 years
Office equipment, fixtures and fittings	1 – 10 years

Investments

Investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes, duties, transport and handling directly attributable to bringing the inventory to its present location and condition.

Provision is made for obsolete and slow moving stock where appropriate.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover represents sales less returns and allowances and excludes value added tax.

Sale of goods - internet based transactions

The Company sells goods via it's website for delivery to the customer. Revenue is recognised when the risks and rewards of the inventory are passed to the customer which is at the point of acceptance of the goods by the customer on delivery. Transactions are settled by payment card or third party flexible payment options.

Returns provision is made on sale of goods, based on the the historical experienced rate of return to sale.

Sale of goods - retail

The Company also sells goods to retail customers. Revenue is recognised when the risks and rewards of the inventory are passed to the customer which is when the goods have been delivered to the customer. Transactions are settled on credit.

Provision is made for credit notes based on the expected level of returns which is based on the historical experience of returns.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transactions or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Exchange differences arising on trading transactions are included in the profit and loss account.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

Certain derivative financial instruments are designated as cash flow hedges that hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, is recognised in equity, with any ineffective portion recognised in the profit and loss account. When hedged cash flows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the profit and loss account in the same period in which the hedged cash flows affect the profit and loss account.

Any gains or losses arising from changes in fair value of derivative financial instruments not designated as hedges are recognised in the profit and loss account.

When a hedging instrument is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the profit and loss account.

Research and development costs

Research and development costs in respect of clearly defined projects are recharged to other Group companies. The cost of other research and development is charged to the profit and loss account as incurred.

Leases

The Company as a lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pension costs

The Company operates a stakeholder pension scheme which is available to all UK employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amounts of contributions payable to the pension scheme are charged to the profit and loss account in respect of the accounting period to which they relate.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)
Year ended 31 December 2022

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Borrowing costs are expensed in profit or loss in the year in which they are incurred.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Critical accounting judgements and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Directors consider Provisions to be critical accounting judgements in the preparation of these financial statements. The Directors use their judgement to determine the extent to which the Company is liable for claims and the proportion of which will result in costs to the Company. There are no key sources of estimation uncertainty, as provisions are the only judgement.

Exceptional items

Items that are deemed to be either material in size, non-operating or non-recurring in nature are presented as exceptional costs in the Profit and Loss account. The Directors are of the opinion that a separate reporting of exceptional costs provides a better understanding of the Company's underlying performance.

1 TURNOVER

The Company's turnover and results were derived wholly from the Company's principal activity, the sale of goods, which is based in the United Kingdom.

	2022 £'000	2021 £'000
Sale of goods	147,525	164,174
Total turnover	147,525	164,174

The analysis of turnover by geographical destination is as follows:

	2022 £'000	2021 £'000
United Kingdom	136,149	153,865
Rest of World	11,376	10,309
	147,525	164,174

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments	2022 £'000	2021 £'000
Emoluments	846	617
Pension contributions	42	29
	888	646
Number of directors who are members of a defined contribution scheme	2	1

	2022 £'000	2021 £'000
Remuneration of the highest paid director	693	617
Pension scheme contributions for highest paid director	31	29

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Production and research	53	52
Sales and distribution	184	187
Management and administration	41	45
	278	284

Staff costs during the year (including directors)	2022 £'000	2021 £'000
Wages and salaries	11,276	11,303
Social security costs	1,297	1,169
Pension costs (note 14)	530	493
Severance costs	182	176
	13,285	13,141

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting):	2022 £'000	2021 £'000
Depreciation – owned assets	615	544
Foreign exchange gains	(2,029)	(5,162)
Rentals under operating leases		
- Plant and machinery	180	201
- Land and Buildings	1,345	1,289
Cost of stock recognised as an expense	86,492	94,117
Research and development	3,665	3,853

Research and development expenditure of £3,665,000 (2021: £3,853,000) was recharged to Techtronic Cordless GP, a fellow subsidiary of ultimate parent company Techtronic Industries Company Limited, during the year.

Fees payable to the Company's auditor for the audit of the annual report and financial statements is £84,945 (2021: £70,600).

Fees payable to the Company's auditor for other services to the Company is £nil (2021: £nil).

4 OTHER OPERATING INCOME

	2022 £'000	2021 £'000
R&D tax credit	-	167
R&D material usage	184	192
Rental income	-	95
	184	454

4 OTHER OPERATING INCOME (continued)

The Company is eligible to receive a R&D tax credit income benefit under the R&D expenditure credit (RDEC) scheme as introduced by HMRC and recognises the income as per FRS 102 paragraph 24.4, in the period it is received. No tax credits were received in 2022, tax credits for 2018-2019 were received in 2021.

The Company receives R&D material usage income from the TTI Group as part of its investment in R&D and new product development of the Company.

5 INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £'000	2021 £'000
Bank interest	155	36
Intercompany interest	221	334
	376	370

6 TAX ON PROFIT

The tax result comprises:

	2022 £'000	2021 £'000
Current tax	-	-
Deferred tax	-	-
Total tax result	-	-

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 19% (2021: 19%). The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2022	2021
Profit before taxation	453	2,468
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2021 - 19%)	86	469
Expenses not deductible for tax purposes	95	80
Movement in temporary differences not recognised	(180)	(549)
Total tax result for the year	-	-

Deferred Tax Asset	2022 Recognised £'000	2022 Not recognised £'000	2021 Recognised £'000	2021 Not recognised £'000
Accelerated capital allowances	-	462	-	567
Short term timing differences	-	940	-	671
Losses carried forward	-	7,319	-	8,073
	-	8,721	-	9,311

6 TAX ON PROFIT (continued)

There is a potential deferred tax asset of £8,721,000 (2021: £9,311,000) for trading losses, accelerated capital allowances and other short-term timing differences, which has not been recognised as there is insufficient evidence that the asset will be recovered. The asset would be recoverable if sufficient taxable profit arose in the Company in the future against which the assets could be relieved.

The potential deferred tax asset was measured at the main corporation tax rate of 25%. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would be increased to 25%, which was enacted in accordance with Finance Act 2021.

Unrecognised deferred tax assets can be carried forward indefinitely.

7 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Computer equipment £'000	Office equipment, fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2022	3,009	654	1,797	5,460
Additions	237	-	-	237
At 31 December 2022	3,246	654	1,797	5,697
Accumulated depreciation				
At 1 January 2022	1,154	222	1,112	2,488
Charge for the year	468	175	9	652
At 31 December 2022	1,622	397	1,121	3,140
Net book value				
At 31 December 2022	1,623	257	676	2,557
At 31 December 2021	1,855	432	685	2,972

The Company had no capital commitments (2021: £nil) as at 31 December 2022.

8 STOCKS

	2022 £'000	2021 £'000
Finished goods and goods for resale	27,774	37,783

There is no material difference between the balance sheet value of stocks and their replacement cost.

9 DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade debtors	19,593	15,039
Amounts due from group undertakings	22,216	20,553
Prepayments and accrued income	1,412	1,098
Derivative financial assets	-	2,106
	43,221	38,796

Amounts due from group undertakings relating to group recharges are non-interest bearing, unsecured and payable on normal commercial terms.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Bank overdrafts (secured)	(12,760)	(818)
Trade creditors	(4,314)	(5,450)
Amounts owed to group undertakings	(57,824)	(69,672)
Loan from parent undertaking	(18,392)	(18,392)
Other creditors, including taxation and social security	(8)	(78)
VAT payable	(280)	(1,317)
Derivative financial liabilities	(1,445)	(664)
Accruals and deferred income	(8,110)	(7,164)
	(103,133)	(103,555)

The bank overdraft facility is secured by way of a standby letter of credit from the parent company.

Amounts owed to group undertakings relate to stock purchased in the year with repayment terms of 150 days.

The loan from parent undertaking is repayable on demand and bears 1.2% fixed interest rate.

No interest is chargeable on group creditor balances. All creditor balances are unsecured.

11 PROVISIONS FOR LIABILITIES

The Company had the following provisions during the year:

	Dilapidations provision £'000	Warranty provision £'000
At 1 January 2022	(250)	(883)
Additions charged to profit or loss	-	-
Utilised in the year	-	883
At 31 December 2022	(250)	-

As part of the Company's property leasing arrangements there was an obligation to repair damages which incurred during the life of the lease, such as wear and tear. The cost was charged to profit and loss as the obligation arose.
Dilapidations provison will be utilised in the next financial year.

Warranty provision relates to warranty obligations for products that were sold by Royal Appliance International GmbH and TTI Floor Care France SAS that ceased trading in 2020. Consumer rights to claims under the provision expired in 2022

12 CALLED UP SHARE CAPITAL

	2022		2021	
	No.	£'000	No.	£'000
Authorised				
'A' ordinary shares of £1 each	30,000	30	30,000	30
'B' ordinary shares of £1 each	10,000	10	10,000	10
	40,000	40	40,000	40
Allotted and called up				
'A' ordinary shares of £1 each (£1 paid)	30,000	30	30,000	30
'B' ordinary shares of £1 each (25p paid)	10,000	3	10,000	3
	40,000	33	40,000	33

A and B shares rank pari passu in all respects both as to capital and dividends.

13 FINANCIAL COMMITMENTS

Operating lease commitments
Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022		2021	
	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000
Within one year	169	1,404	176	1,404
Between one and five years	697	4,927	695	4,927
After five years	36	3,207	14	3,207
	902	9,538	886	9,538

14 PENSION ARRANGEMENTS

The Company operates a defined contribution pension scheme, the Group Personal Pension Plan, for its full time UK employees. Contributions payable are charged to the profit and loss account in respect of the accounting period to which they relate. Any differences between amounts paid and payable are recognised as accruals or prepayments in the balance sheet.

The charge for the year amounted to £530,000 (2021: £493,000).

15 RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Techtronic Industries Company Limited, the Company has taken advantage of the exemption contained in section 33 of FRS 102 and has therefore not disclosed key management personnel compensation or transactions or balances with entities which form part of the Group. The Company is included within the consolidated financial statements of Techtronic Industries Company Limited which are publicly available.

16 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company is ultimately owned and controlled by Techtronic Industries Company Limited, a company incorporated in Hong Kong and listed on the Hong Kong Stock Exchange. The largest and smallest group of undertakings for which group accounts have been drawn up, and which include this company, is that headed by Techtronic Industries Company Limited.

The consolidated financial statements of Techtronic Industries Company Limited can be obtained from the website: www.ttigroup.com.

The registered address of Techtronic Industries Company Limited is:

29/F, Tower 2, Kowloon Commerce Centre
51 Kwai Cheong Road
Kwai Chung
New Territories
Hong Kong

On 13 December 2021 Techtronic Industries Company Limited transferred the shares it owned in the Company to a subsidiary company, TTI Singapore SPV Pte. Ltd., a company incorporated in Singapore.

17 FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2022 £'000	2021 £'000
Financial assets		
Measured at fair value and designated in an effective hedging relationship		
Derivative financial assets (see note 9)	-	2,106
Measured at undiscounted amount receivable		
Trade and other debtors (see note 9)	19,593	15,039
Amounts due from group undertakings (see note 9)	22,216	20,553
Cash at bank and in hand	18,592	16,379
	60,401	54,077
Financial liabilities		
Measured at fair value and designated in an effective hedging relationship		
Derivative financial liabilities (see note 10)	(1,445)	(664)
Measured at amortised cost		
Loans payable (see note 10)	(18,392)	(18,392)
Measured at undiscounted amount payable		
Bank overdraft (see note 10)	(12,760)	(818)
Trade and other creditors (see note 10)	(4,314)	(5,450)
Amounts owed to group undertakings (see note 10)	(57,824)	(69,672)
	(94,735)	(94,996)

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2022	2021
Interest income and expense (see note 5)		
Total interest expense for financial liabilities at amortised cost (see note 5)	376	370
Fair value (losses)		
On derivative financial (liabilities) designated in an effective hedging relationship	(2,227)	(1,397)

18 DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign currency contracts
The following table details the forward foreign currency contracts outstanding as at the year-end:

	Average contractual exchange rate		**Notional Value**		**Fair value**	
Expiry of outstanding contracts	**2022 rate**	**2021 rate**	**2022 £'000**	**2021 £'000**	**2022 £'000**	**2021 £'000**
Sell GBP	1.194	1.377	58,631	89,353	(1,445)	1,442
			58,631	89,353	(1,445)	1,442

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The Company has entered into contracts to supply goods to customers in United Kingdom and Rest of World. The Company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

Hedge effectiveness during the year resulted in losses of £2,934,000 (2021: gains of £4,896,000) and were recognised in other comprehensive income.

19 RESERVES

Called up share capital

Represents the nominal value of shares that have been issued.

Share premium account

Includes any premiums received on issues of share capital. Any transaction costs associated with the issuing of shares are deducted from additional paid up capital.

Profit and loss account

Includes all current and prior year retained profits and losses, less dividends paid.

Hedging reserve

The hedging reserve is used to record transactions arising from the Company's cash flow hedging arrangements.