

**VIDENDUM PRODUCTION SOLUTIONS LIMITED
(FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Registered number 01738425

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VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

COMPANY INFORMATION

Directors	J Bolton I Castle (appointed 17 June 2021) N Dal Toso (appointed 2 February 2021) M Green R Satchell
Company secretary	J Bolton
Registered number	01738425
Registered office	Bridge House Heron Square Richmond TW9 1EN
Independent auditors	Deloitte LLP 3 Victoria Square Victoria Street St Albans AL1 3TF

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

CONTENTS

	Page
Strategic Report	1
Directors' Report	7
Statement of Directors' responsibilities	10
Independent auditor's report	11
Statement of Comprehensive Income	15
Statement of Other Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

STRATEGIC REPORT For the year ended 31 December 2021

Introduction

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activities

Videndum Production Solutions Limited ("the Company") is principally engaged in the design, manufacture and sale of camera mounting equipment, prompters and robotic camera equipment. A change in the Company's activities is not expected in the foreseeable future.

Business Review

The Company is part of the Production Solutions Division of the Videndum Group and is owned by Videndum plc (formerly The Vitec Group plc). The Company designs, manufactures, distributes and provides premium branded and technically advanced products and solutions for broadcasters, film and video production companies, independent content creators and enterprises.

The 2021 order intake was higher than 2019 (2020 order book not comparative due to Covid-19 pandemic). The higher order intake reflects increased demand for the Company's premium products and leading technologies, in excess of the demand created from market recovery following the outbreak of the Covid-19 pandemic in 2020.

Revenue and profits were held back to a certain extent given some constraints in fulfilling orders due to component shortages and capacity constraints.

During the year the Company repaid all amounts (£758k) received under the Coronavirus Job Retention Scheme.

To comply with post Brexit trading rules customers supplied from the company's third party warehouse in Germany are now being invoiced by fellow subsidiary Videndum Production Solutions GmbH (VPS GmbH). The sales are on a flash title basis with the company invoicing VPS GmbH when the company ships direct to the customer. There has been no impact on the revenue or cost of sales reported by the company.

On 17 May 2022 the Company's parent, Videndum plc (formerly The Vitec Group plc), sought approval at its AGM to change its name to Videndum plc with effect from 23 May 2022. Following approval being granted the Company changed its name to Videndum Production Solutions Limited. This change is due to the need to differentiate the Company from other companies around the world who also operate under the Vitec name. Videndum is a Latin noun which means "that which must be seen". The proposed new name better reflects our purpose and enables us to refresh our branding and how we present ourselves to our stakeholders.

The Company's operating profit for the year to 31 December 2021 was £14.1 million compared to an operating loss of £1.4 million in 2020. Net assets as at 31 December 2021 were £146.6 million (2020: £127.6 million). Turnover for the year to 31 December 2021 was £87.3 million (2020: £56.9 million).

Key performance indicators

The Company uses turnover and operating profit/(loss) to review and monitor performance. Turnover overall increased by £30.4 million. The Company made an operating profit of £14.1 million, compared to an operating loss of £1.4million in 2020.

The Company also monitors health and safety performance. In 2021 there were no accidents that resulted in more than three days absence (2020: nil).

Principal risks and uncertainties

The Company is exposed to a number of risks which may affect its performance and has a well-established process for reviewing and assessing these and procedures to mitigate against them. However, no system of control or mitigation can completely eliminate these risks. The Directors regard the risks below to be the principal risks and uncertainties facing the Company.

Demand for our products

Demand for our products may be adversely affected by many factors, including changes in customer and consumer preferences and our ability to deliver appropriate products or to support changes in technology.

The Company increasingly produces and sells products that are more technologically advanced. These products have a shorter life cycle than our historical products and continuous investment in new product development is needed to keep up with the changing demand. Demand may also be impacted by competitor activity, particularly from low-cost countries.

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

STRATEGIC REPORT (CONTINUED) For the year ended 31 December 2021

Principal risks and uncertainties (*continued*)

Demand for our products (continued)

Overall, this risk is reduced compared with the prior year. This is due to a faster than planned recovery and a strong order book going into 2022.

We value our relationships with our customers and to mitigate this risk we closely monitor our target markets and user requirements. We complete appropriate market analysis before developing new products to ensure that they are appropriately designed for our target markets. We closely monitor the demand for new products and phase out old product lines.

New markets and channels of distribution

As we enter new markets and channels of distribution, we may achieve lower than anticipated trading volumes and pricing levels, or higher costs and resource requirements. This may impact the levels of profitability and cash flows delivered.

We expect that the proportion of our business conducted through online channels will continue to increase, and we will continue our investment in new, innovative products which address the needs of independent content creators.

To mitigate these risks, we have a thorough process for assessing and planning the entry into new markets and related opportunities including marketing and advertising strategies for our products and services. We continuously assess our performance and the related opportunities and risks in these markets. We adapt our approach considering our actual and anticipated performance. We review our channels of distribution regularly to make sure that they remain appropriate. Our increased online presence creates IT security and compliance challenges which the company is continually addressing.

As a result, the risk relating to new markets and channels of distribution is stable overall.

Cost pressure

We have seen significant increases in several categories of spend, notably freight, logistics and energy costs. However, demand conditions have remained strong, which combined with the premium differentiation of our products, has helped to reduce pressure on price.

We ensure that our product and service offering remains competitive by investing in new product development and in appropriate marketing and product support, and by improving the management of supply chain costs. This, and working closely with our suppliers and managing expenses and cost base appropriately, allows us to support price increases when required. We have rationalised our product range to reduce complexity which will also allow us to achieve some cost saving on production.

We continually review our production and sourcing activities for cost-saving opportunities. We review opportunities to improve productivity through deployment of practices such as lean manufacturing and robotics.

Most of our products and services have a premium or niche differentiation and the Company has in the past exited markets where the margins and sales volumes were too unattractive. We continue to monitor our pricing across the main currencies to reflect ongoing fluctuations.

Material and component shortages

Global supply chain shortages of certain raw materials and components, in particular semiconductors, have presented a major challenge to the company during 2021. Due to shortages of key components, the launch of certain products has been delayed, and the order fulfilment lead times have increased. We expect this to continue to be challenging in 2022.

To address this risk, we aim to secure multiple sources of supply for certain materials and components and develop strong relationships with our major suppliers. We are also able to redesign and reengineer products to use more abundantly available materials and components.

STRATEGIC REPORT (CONTINUED)
For the year ended 31 December 2021

Principal risks and uncertainties (*continued*)

Dependence on key suppliers

We source materials and components from many suppliers in various locations and in some instances are more dependent on a limited number of suppliers for particular items. If any of these suppliers or subcontractors fail to meet the Company's requirements, we may not have readily available alternatives, thereby impacting our ability to provide an appropriate level of customer service.

To address this risk we review the performance of strategically important suppliers and outsourced providers globally on an ongoing basis. Where economical, we look to source materials closer to the manufacturing facilities to reduce lead times and improve control over the supply chain.

We look to insource manufacturing capability for strategic components where possible, to reduce reliance on third parties.

The Company has responded to the issue of component shortages in several ways, by directing the utilisation of critical components in favour of high margin products and identifying alternative sources. Where necessary, the Company is re-engineering the design of products to reduce reliance on the most scarce components.

Purchase planning activities have increased, for example, by placing orders earlier in advance, and where possible increasing buffer stock.

Dependence on key customers

While the Company has a wide customer base, the loss of a key customer, or a significant worsening in their success or financial performance, could result in a material impact on the Company's results.

We mitigate this risk by monitoring closely our performance with all customers through developing strong relationships, and we monitor the financial performance of our key customers and receivable balances outstanding from them.

People

The majority of our employees are employed within the UK, with the exception of some staff based in mainland Europe and Asia, and we are exposed to a risk of being unable to retain or recruit suitable diverse talent to support the business. We manufacture and supply products from a number of locations and it is important that our employees operate in a professional and safe environment.

The health and safety compliance requirements resulting from COVID-19 still present a number of challenges. There is also a risk that the pandemic could impact the morale of our employees.

As the global economy recovers, we are seeing greater competition for engineering talent and there is an increased risk that some key engineers may leave the company thereby adversely affecting the development of new products.

We recognise that it is important to motivate and retain capable people across our businesses to ensure we are not exposed to risk of unplanned employee turnover. We reward our people fairly and have appropriate recruitment, appraisal, talent management and succession planning strategies to ensure we recruit and retain diverse, good quality people and leadership across the business. We take our employees' health and safety very seriously and have appropriate processes in place to allow us to monitor and address any issues appropriately.

During the pandemic our primary concern is the health of our employees and their relatives. The Company complies fully with all regulatory requirements. We have engaged extensively with employees throughout the pandemic, and we mitigate the risk around our people by normalising pay in line with recovery and adopting mitigating measures such as restricted shares for senior employees.

We continually review and adapt the employee retention plans for key employees in particular engineers.

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

STRATEGIC REPORT (CONTINUED) For the year ended 31 December 2021

Principal risks and uncertainties (*continued*)

Laws and Regulations

We are subject to a comprehensive range of legal obligations in all countries in which we operate. As a result, we are exposed to many forms of legal risk. These include, without limitation, regulations relating to government contracting rules, sanctions regimes, environment and climate change, taxation, data protection regimes, anti-bribery provisions, competition, and health and safety laws in numerous jurisdictions around the world. Failure to comply with such laws could significantly impact the Company's reputation and could expose the Company to fines and penalties.

We may also incur additional cost from any legal action that is required to protect our intellectual property.

The current tensions affecting the Ukraine region increase the possibility of economic sanctions applied by the US and Europe which may restrict the Company's ability to trade with certain entities.

Laws and Regulations (continued)

The Company has not experienced any significant adverse impact from Brexit following the end of the transition period in December 2020.

We address this risk by having resources dedicated to legal and regulatory compliance supported by external advice where necessary. We monitor and respond to developments in the regulatory environment in which the Company operates, including the effect of tax changes.

We enhance our controls, processes and employee knowledge to maintain good governance and to comply with laws and regulations. The Company has processes in place, including senior management training, to ensure that its employees understand and apply the Company's culture and processes.

We actively protect our intellectual property and will legally pursue any party that infringes our intellectual property rights.

We continue to monitor the longer-term effects of Brexit.

We use a compliance search engine to monitor and vet third parties, including for possible issues relating to sanctions regimes.

Reputation

Damage to our reputation and our brand names can arise from a range of events such as poor product performance, unsatisfactory customer service, and other events either within or outside our control. We are mindful of the increasing level of regulatory and stakeholder scrutiny of companies' affairs, coupled with the widespread impact of social media.

The societal impact of our brands and the sustainability of our operations are increasingly important to consumers of our products.

We manage this risk by recognising the importance of our reputation and attempting to identify any potential issues quickly and address them appropriately. We recognise the importance of providing high quality products, good customer service and managing our business in a safe and professional manner. This requires all employees to commit to, and comply with, the Videndum Code of Conduct. Our IT Policy covers social media matters and is communicated to all employees and contractors. A whistleblowing facility is in place to allow employees to confidentially report any compliance issues.

We have implemented a compliance programme with key vendors which includes site inspections and compliance database checks, and we require all vendors to sign up to the Videndum Code of Conduct or equivalent standards.

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

STRATEGIC REPORT (CONTINUED) For the year ended 31 December 2021

Principal risks and uncertainties (*continued*)

Exchange rates

The global nature of the Company's business means it is exposed to volatility in currency exchange rates in respect of foreign currency denominated transactions. The Company is exposed to a number of foreign currencies, the most significant being the US Dollar, Euro and Japanese Yen.

We regularly review and assess our exposure to changes in exchange rates. We reduce the impact of sudden movements in exchange rates through our relationship with the Videndum Group who manage appropriate hedging activities on our forecast foreign exchange net exposures.

Business Continuity Planning including cyber security

These are risks relating to business continuity resulting from specific events such as natural disasters including earthquakes, floods, fires or pandemic flu. These may impact our manufacturing plants or supply chain, particularly where these account for a significant amount of our trading activity. We are also dependent on our IT platforms continuing to work effectively to support our business and therefore there is a cyber-security risk for the Company.

Business Continuity Planning including cyber security (*continued*)

We address this risk with Business Continuity Plans and Disaster Recovery Plans at our key sites, and by carrying out regular IT and cyber security vulnerability assessments. There are standard procedures in place to escalate breaches and remediate IT security incidents. We have global insurance schemes in place which provide cover for certain business interruption events. We review coverage annually to determine whether adjustments are needed.

We continue to closely monitor our supply chain and identify back-up suppliers. For components with availability concerns, we increase advanced purchases of those components, seek alternative suppliers, and also ration the use/direct the use of those components to the most profitable product lines.

Research and Development

The Company is aware of the effects that evolving technology will have on its future products and markets and carries out research and development programmes to suit its own market and product needs. The Company has a three-year research and development roadmap designed to address key developments identified through market research and customer feedback. Projects are split between innovations and product development. Innovations projects address developments in underpinning technology within the product portfolio.

Equal opportunities

The Company has an equal opportunities culture with an express prohibition on discrimination of any kind. The approach to diversity has always been to follow a strict policy of sourcing the best person for the role irrespective of race, gender, age, religion, sexual orientation, gender reassignment, marriage and civil partnerships, paternity, maternity and pregnancy, or disability.

It is the Company's policy that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and ability of the applicant concerned. In the event of employees becoming disabled all reasonable efforts are made to ensure that their employment within the Company continues. It is our policy that the training, career development and promotion of disabled persons should be, as far as possible, identical to that of all other employees.

Climate change

We understand the serious nature of the challenges relating to climate change and the implications this may have on our operations and business model. We consider the physical risks to people and assets based on a projected increase in the frequency of natural disasters caused by climate change, and the impact of gradual changes such as increasing temperature.

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

**STRATEGIC REPORT (CONTINUED)
For the year ended 31 December 2021**

Principal risks and uncertainties (*continued*)

Climate change (continued)

Shifting to a low-carbon model may necessitate expensive investment in new machinery and other costs may be adversely impacted such as insurance. We expect additional costs to arise to meet regulatory and reporting requirements, and costs to offset emissions.

There is increased scrutiny of the Company's ESG credentials, and a need to comply with increasing ESG regulations (ESOS, TCFD).

We are developing strategies to monitor and mitigate the potential physical impact of climate change on our operations and people, and our supply chain, as well as the risks and opportunities and potentially additional costs associated with the transition to a low-carbon economy.

We believe we are relatively well placed to manage this risk due to our environmental initiatives, diversified geographical footprint and supply chain, and the specific attributes of the content creation industry.

In 2021 the Company's parent, Videndum plc (formerly The Vitec Group plc), launched a structured group-wide ESG programme and implemented several key initiatives such as investments to reduce energy consumption, and initiatives to increase the sustainability of products, for example through reduced packaging or use of recycled materials.

Post year end, in May 2022, we installed solar panels at our site in Bury St Edmunds to provide our manufacturing and office functions with renewable energy to reduce our carbon footprint.

Section 172 Disclosure

Under The Companies (Miscellaneous Reporting) Regulations 2018 there is a requirement for the Directors to understand the views of the Company's key stakeholders and to describe how those interests and the matters set out in Section 172 of the Companies Act 2006 have been considered in Board discussions and decision-making. Throughout the year, while discharging their section 172 duty, the Directors have acted in a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholder.

Decisions relating to the Company are primarily taken at a Group and Divisional level. However, details of how the directors of the Company discharged their section 172 duties and the stakeholders that were considered when taking principal decisions during the year are set out in the Directors' Report.

The Company is a wholly owned subsidiary of Videndum plc (formerly The Vitec Group plc). More detailed information on the principal risks and mitigation around those risks, as well as employment practices and other corporate responsibility matters within the Videndum Group are disclosed in the Annual Report & Accounts 2021 for that company.

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



Jonathan Bolton
Director

22 September 2022

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

DIRECTORS' REPORT **For the year ended 31 December 2021**

The Directors present their report and the audited Financial Statements for the year ended 31 December 2021.

Future Developments

The particulars of any important events which have occurred since the end of the financial year can be found in note 26. An indication of likely future developments of the business have been included within the Strategic Report. Research and development activities alongside our disabled employee policies are disclosed in the Strategic report.

Profit and dividends

The profit for the year, after taxation, amounted to £12.8m (2020: £1.2m).

No dividends were paid or proposed for the year (2020: £nil).

Financial instruments

The Company's exposure to credit risk is primarily attributable to its trade debtors. Trade debtors are subject to credit limits, and control and approval procedures. Due to its large geographic base and number of customers, the Company is not exposed to material concentrations of credit risk on its trade debtors. The Company holds any cash balances with banks with high credit ratings.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euros, US Dollar and Yen. The Company manages its net exposure arising from forecasted foreign currency sales and purchases by entering into forward foreign currency exchange contracts. Forward exchange contracts are typically used to hedge up to 75% of the Company's forecasted net foreign currency exposure in respect of forecasted foreign exchange transactions for the following 12 months. Cash flow hedges are used to hedge the variability in cash flows of highly probable forecast transactions caused by changes in exchange rates. Where a derivative financial instrument is designated in a cash flow hedge relationship with a highly probable forecast transaction, the effective part of any change in fair value arising is deferred in the cash flow hedging reserve within equity, via the Statement of Comprehensive Income. The gain or loss relating to the ineffective part is recognised in the Profit and Loss Account within net finance expense. Amounts deferred in the cash flow hedging reserve are reflected in the Profit and Loss Account in the periods when the hedged item is recognised in the Profit and Loss Account.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk by developing cash flow forecasts and using pooled cash accounts of the Videndum Group.

Directors

The Directors of the Company during the year of review and to the date of this report were:

Jonathan Bolton
Ian Castle (appointed 17 June 2021)
Nicola Dal Toso (appointed 2 February 2021)
Martin Green
Alan Hollis (resigned 2 February 2021)
Richard Satchell

Details of Directors' remuneration is provided in note 11 to the Financial Statements.

Directors' and Officers' indemnity insurance

The Company has also granted indemnities to some of its Directors to the extent permitted by law. Qualifying third party indemnity provisions (as defined in Section 324 of the Companies Act 2006) have been adopted for some Directors and indemnify in relation to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors of the Company.

Employee involvement

The importance of good communication and working relationships is recognised and the Company's policy is to keep employees informed on matters relating to their employment. Employees are invited to regular updates on the Company's results and employee forums are held to canvass opinions on existing or new programmes.

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

DIRECTORS' REPORT (CONTINUED) For the year ended 31 December 2021

Employee involvement (continued)

Employees are given the opportunity to join a Sharesave scheme on an annual basis, enabling the employee to save a fixed amount each month to purchase shares in Videndum plc (formerly The Vitec Group plc) at a discounted rate.

The health and safety of all employees is a top priority for the Company with robust reporting of accidents and near misses and corrective measures. Management is clear on the importance of a safe working environment and the need to constantly improve in this area.

Statement regarding fostering relationships with suppliers, customers and others

The Company engages with a large number of suppliers, customers and other stakeholders in the course of its operations. It is imperative for the Company's existence that relationships with these third parties remain strong, and the Company actively ensures that it works with reliable and trustworthy partners.

Customers

The Directors are kept informed about the wide variety of the Company's customers, their changing needs and trends in their buying patterns. In doing business with customers, clear terms and conditions are documented including service levels, payment terms and working practices. Onsite visits are arranged to allow existing and potential customers to meet and interact directly with employees, as well as experience the products. This further enhances the relationship with the customers and the visits are carried out within health and safety measures.

Suppliers

We build close and mutually beneficial relationships with our suppliers to source the best possible materials and services. The integrity of the supply chain is a key consideration with robustness of supply an issue that is actively managed. In doing business with suppliers, clear terms and conditions are documented including service levels, payment terms and working practices.

Community and Environment

The Company provides engaging and well remunerated employment within the community in which it operates, and its operations are focused on minimising the Company's impact upon the environment including use of raw materials, natural resources and energy, and cutting down on waste and any harmful emissions, components or by-product.

As part of our corporate responsibility programme, we encourage our employees to involve themselves within the local community to foster a relationship between our business and local people. Due to the pandemic, this was restricted though 2020 and 2021, but will resume as soon as can be done safely.

Post balance sheet events

The Company became a guarantor to an amortising Term Loan of \$47.0 million (£34.7million) taken out on 7 January 2022 which will expire on 7 January 2025. The agreement is between Videndum plc (formerly The Vitec Group plc) and a syndicate of four banks.

On 23 May 2022 the Company changed its name from Vitec Production Solutions Limited to Videndum Production Solutions Limited.

There were no other material adjusting or non-adjusting events that require disclosure between the Balance Sheet date and the date of this report.

Greenhouse gas emissions, energy consumption and energy efficiency action

As a subsidiary company within the Videndum Group (formerly Vitec Group), the company has taken the disclosure exemption in relation to Streamlined Energy and Carbon Reporting ("SECR") where disclosure is made within a parent company's group accounts. These SECR disclosures can be seen in the consolidated financial statements of Videndum plc (formerly The Vitec Group plc).

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

**DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2021**

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and
- each director has taken all the steps that ought to have taken as a director to be 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 s418 of the Companies Act 2006.

Auditor

The auditor, Deloitte LLP, has indicated its willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Approved, authorised for issue and signed on behalf of the Board.



Jonathan Bolton
Director

Date: 22 September 2022

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

**DIRECTORS' RESPONSIBILITIES STATEMENT
For the year ended 31 December 2021**

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 101 "*Reduced Disclosure Framework*". 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 judgements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDENDUM PRODUCTIONS SOLUTIONS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Videndum Production Solution Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 27

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDENDUM PRODUCTIONS SOLUTIONS LIMITED

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the 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.

We obtained an understanding of the legal and regulatory framework 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, pensions legislation, UK tax legislation; 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 health and safety law and employment law.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDENDUM PRODUCTIONS SOLUTIONS LIMITED

We discussed among the audit engagement team 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 around the valuation of the inventory obsolescence provision specifically. Significant management judgement is involved in determining the adequacy of the inventory obsolescence provision across both a wide range of products, set against a backdrop of ever changing technology in the market. Given the high level of management judgement involved, particularly in respect of forecast future usage, we deemed this a potential fraud risk for our audit.

In order to address this key audit matter we have completed audit procedures including:

- obtaining an understanding of the controls relating to inventory provisioning;
- evaluating the appropriateness of the methodology used to calculate the inventory provision;
- challenging the reasonableness of management's judgements and the assumptions used, specifically by assessing the provision percentages in relation to sales demand with comparison to prior years;
- assessing the integrity of the underlying calculation by checking the accuracy of the ageing of discontinued and slow moving inventory items;
- assessing the level of inventory write offs in the year compared to the overall inventory provision at 31 December 2020; and
- assessing the exposure of inventory relating to slow moving ranges but for which no provision is included.

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 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.

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.

VIDENDUM PRODUCTIONS SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIDENDUM PRODUCTIONS SOLUTIONS LIMITED

Matters on which we are required to report by exception

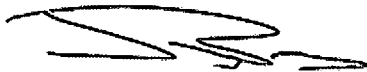
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 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.

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.



James Brass FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans
United Kingdom
23 September 2022

VIDENDUM PRODUCTIONS SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	4	87,257	56,851
Cost of sales		(54,382)	(42,581)
Gross profit		32,875	14,270
Operating expenses	5	(18,027)	(16,413)
Government Grant (repayment)/Income	6	(758)	758
Operating profit/(loss)		14,090	(1,385)
Interest receivable and similar income	8	2,914	3,724
Interest payable and similar charges	9	(805)	(335)
Profit before taxation and other items	7	16,199	2,004
Tax on profit	12	(3,382)	(776)
Profit after taxation		12,817	1,228

The notes on pages 19 to 39 form an integral part of these Financial Statements.
 All results are derived from continuing operations.

VIDENDUM PRODUCTIONS SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Profit for the year		12,817	1,228
Other comprehensive income/(expense):			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of defined benefit obligation	25	6,970	(7,480)
Related tax		(726)	1,612
<i>Items that are or may be reclassified to profit or loss:</i>			
Cash flow hedges – reclassified to the Profit & Loss Account		(164)	459
Cash flow hedges – effective portion of changes in fair value		106	(859)
Related tax		13	82
Other comprehensive income/(expense), net of tax		<u>6,199</u>	<u>(6,186)</u>
Total comprehensive income/(expense) for the year		<u>19,016</u>	<u>(4,958)</u>

The notes on pages 19 to 39 form an integral part of these Financial Statements.


VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 ¹ £'000
Fixed assets			
Intangible assets	13	2,786	3,014
Tangible assets	14	9,205	9,473
Investments	15	1,110	1,110
Loans to group undertakings ¹	15	107,639	107,639
		<u>120,740</u>	<u>121,236</u>
Current assets			
Stock	16	10,014	6,905
Debtors	17	65,226	49,266
Cash at bank and in hand		599	305
		<u>75,839</u>	<u>56,476</u>
Creditors – amounts falling due within one year	18	(38,814)	(31,563)
Net current assets		<u>37,025</u>	<u>24,913</u>
Total assets less current liabilities		<u>157,765</u>	<u>146,149</u>
Creditors – amounts falling due after one year	18	(5,976)	(5,918)
Provisions for liabilities	19	(512)	(1,020)
Net assets excluding pension liabilities		<u>151,277</u>	<u>139,211</u>
Pension liabilities	25	(4,640)	(11,590)
Net assets		<u>146,637</u>	<u>127,621</u>
Capital and reserves			
Called up share capital	21	50,000	50,000
Share premium account	22	67,639	67,639
Cash flow hedging reserve		(9)	36
Profit and loss account		29,007	9,946
		<u>146,637</u>	<u>127,621</u>
Shareholder's funds		<u>146,637</u>	<u>127,621</u>

The notes on pages 19 to 39 form an integral part of these Financial Statements.

The Financial Statements on pages 15 to 39 were approved by the Board of Directors on 22 Sept. 2022 and were signed on its behalf by:



Martin Green
Director

¹ Following a review of intra-group loan documentation, the 2020 Balance sheet has been restated. Previously reported Amounts Owed to Group Undertakings due within one year have been reclassified to Loans to group undertakings within Fixed Assets due to the long-term nature of the loans. There was no impact on the net assets of the Company. See note 17 for details.

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Called up share capital £'000	Share premium account £'000	Cash flow hedging reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2020	50,000	67,639	354	14,586	132,579
Total comprehensive expense for the year					
Profit for the year	-	-	-	1,228	1,228
Other comprehensive expense for the year	-	-	(318)	(5,868)	(6,186)
Balance at 31 December 2020	50,000	67,639	36	9,946	127,621
Total comprehensive income for the year					
Profit for the year	-	-	-	12,817	12,817
Other comprehensive income for the year	-	-	(45)	6,244	6,199
Balance at 31 December 2021	50,000	67,639	(9)	29,007	146,637

The notes on pages 19 to 39 form an integral part of these Financial Statements.

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

1. GENERAL INFORMATION

Videndum Production Solutions Limited (formerly Vitec Production Solutions Limited) is a private company, limited by shares, incorporated and domiciled in England.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) where indicated.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

These Financial Statements have been prepared on the historical cost basis except for derivative financial instruments and defined benefit pension plans where plan assets are measured at fair value. These Financial Statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company is domiciled and incorporated under the Companies Act in the United Kingdom. It is a wholly owned subsidiary of Videndum plc (formerly The Vitec Group plc) and is included in the consolidated financial statements of Videndum plc, which are publicly available. The Company is therefore exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group Financial Statements. These Financial Statements present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IAS 7 Statement of Cash Flows
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- The requirements of second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- The requirements of IFRS 7 Financial Instrument Disclosures
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - Paragraph 79(a)(iv) of IAS 1
 - Paragraph 73(e) of IAS 16 Property, Plant and Equipment
 - Paragraph 118(e) of IAS 38 Intangible Assets
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraph 74A(b) of IAS 16 Property, Plant and Equipment

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.2 Financial reporting standard 101 – reduced disclosure exemptions (continued)

As the consolidated financial statements of Videndum plc (formerly The Vitec Group plc) include the equivalent disclosures, the Company has also taken exemptions under FRS 101 available in respect of the following disclosures:

- The requirements of paragraphs 130(f)(ii), 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payments
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations

2.3 Going concern

As part of the Company's Directors' consideration of the appropriateness of adopting the going concern basis in preparing the Company's financial statements, the latest forecasts of the Company have been reviewed. The Company's Directors have reviewed the scenarios modelled and are satisfied that the Company has access to adequate cash resources to settle obligations as they fall due for at least twelve months from the date of approval of the financial statements. They also consider that the current operations provide sufficient financial sustainability to generate positive cash flows for the foreseeable future. Accordingly, the Company's Directors continue to adopt the going concern basis in preparing the annual financial statements.

2.4 Impact of new International Reporting Standards, amendments and interpretations

The following new standards, interpretations and amendments to standards are mandatory for the company for the first time for their annual reporting period commencing 1 January 2021.

Those standards and interpretations include:

- Amendments to References to Conceptual Framework in IFRS Standards
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16
- COVID-19 Related Concessions – Amendments to IFRS16

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates ("IBOR") to alternative benchmark interest rates (also referred to as "risk-free rates" or "RRFRs") without giving rise to accounting impacts that would not provide useful information to users of financial statements.

An amendment to IFRS 16 "Leases" was issued by the International Accounting Standards Board on 28 May 2020. The amendment provides lessees with a practical expedient from assessing whether a COVID-19-related rent concession is a lease modification. In March 2021, the International Accounting Standards Board issued COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reductions in lease payments originally due on or before 30 June 2022.

The Company has considered the above new standards and has concluded that the impact of the amendments are not material.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Turnover

Sale of goods

Turnover from the sale of goods is recognised when the Company sells a product to a customer and control has passed. This is either once the product has been shipped or delivered to the customer, depending on the terms and conditions of the sale. Payment terms vary by customer but where credit terms are given, payments are due generally 30 days after control of the goods has passed to the customer. Turnover is recognised at the transaction price exclusive of sales taxes, adjusted for trade discounts and volume rebates.

Some contracts include multiple deliverables, such as the sale of the product and its installation. If material, distinct goods and services are accounted for as separate performance obligations. The transaction price is allocated to each performance obligation based on their stand-alone selling price.

Service contracts

Turnover from service contracts which are fulfilled using the Company's equipment and operators is recognised in the period which the services are rendered. Payment terms vary and there can be small advance payments but generally payments are due as services are rendered. Generally, contracts with customers are for periods of one year or less. As a result, the transaction price allocated to any unsatisfied contracts is not disclosed as permitted by IFRS 15. The amounts relating to service contracts are not material to total turnover.

Licenses

Software licenses are sold by the Company on a standalone basis and together with a tangible product. If the license is considered distinct, the turnover recognition pattern is based on whether the license is a right to use intellectual property (turnover recognised at a point in time) or a right to access intellectual property (turnover recognised over time). The majority of the licenses granted by the Company represent a right to use intellectual property for which payments are generally in advance. From a right to access intellectual property, payments are normally on a monthly basis with credit period of 30 days. The amounts relating to Licenses are not material to total turnover.

Financing components

The Company generally does not have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

2.6 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated at the year-end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year-end, a currency translation gain or loss may arise. Any such differences are recognised in the Profit and Loss Account.

2.7 Derivative financial instruments

The Company uses derivative financial instruments such as forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange rates arising from operational activities. These are designated as cash flow hedges. It does not hold or use derivative financial instruments for trading or speculative purposes.

2.8 Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Profit and Loss Account.

The effective gains and losses recognised in the cash flows hedge reserve are reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Research and development

Research and development costs are charged to the Profit and Loss Account in the year in which they are incurred unless development expenditure meets the criteria for capitalisation. Once detailed and strict criteria have been met that confirm that the product or process is both technically and commercially feasible and the Company has sufficient resources to complete the product, any further expenditure incurred on the project is capitalised. The capitalised expenditure includes the cost of materials, direct labour and an appropriate portion of overheads. Capitalised expenditure is amortised over the life of the product and is stated at cost less accumulated amortisation and impairment losses.

2.10 Other intangible assets

Trademarks are measured at cost less accumulated amortisation. Amortisation is calculated to write off the cost over its estimated useful life which is the shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The cost of acquiring software (including associated implementation and development costs where applicable) is capitalised and amortised over its estimated useful life between 3 to 5 years.

2.11 Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of the relevant assets, less their estimated residual values, on a straight-line basis over their estimated useful lives. Fixed assets are depreciated as follows:

Leasehold improvements	Over the shorter of the lease term and the useful economic life
Leasehold land and buildings	Over the lease term
Plant, machinery and tooling	3 to 7 years
Equipment, fixtures and fittings	3 to 10 years
Motor vehicles	
- Owned vehicles	4 years
- Right-of-Use vehicles	Over the lease term

2.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.13 Investments

The Company's investments in other group companies are reported at cost less impairment. The carrying value of the Company's investments are reviewed at inception and at each Balance Sheet date to determine if any provision is required against the value of the investment.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Leases

This note provides information in relation to leases when the Company is a lessee. The Company does not have any material leases where it acts as a lessor.

Each lease is recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Interest expense is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments:

Lease payments generally comprise of fixed payments, less any leased incentives receivable; and variable payments that are based on an index or rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, and lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

When an adjustment to lease payments based on an index takes effect, the liability is remeasured with a corresponding adjustment to the right-of-use asset.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Income Statement.

Leasing activities

The Company enters into leases of buildings which serve as office space and a factory. In addition, the Company leases vehicles and printers.

Contracts entered into by the Company have a wide range of terms and conditions but generally do not impose any additional covenants. One of the Company's contracts include indexation adjustments to lease payments in future periods which are not reflected in the measurement of the lease liabilities at 31 December 2021.

Many of the contracts entered into by the Company include extension or termination options which provide the Company with additional operational flexibility.

If the Company considers it reasonably certain that an extension option will be exercised or a termination option not exercised, the additional period is included in the lease term. Generally, extension options are not included in the lease term for plant, machinery and vehicles, and equipment, fixtures and fittings. Most options in respect of the buildings are not included in the calculation of the lease term.

2.15 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes materials, direct labour and production and other overheads incurred in bringing stocks and work in progress to their present location and condition. In determining the cost of raw materials, consumables and goods purchased for resale, an average cost or first-in, first-out method is used as appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

Provisions for inventories are recognised when the book value exceeds its net realisable value. In the ordinary course of business, judgement is applied to assess the level of provisions required to write down slow-moving, excess and obsolete inventory to its net realisable value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.16 Financial assets classification and measurement

The Company classifies its financial instruments depending on the business model for managing the financial assets and their contractual cash flows. Loans to group undertakings, trade receivables and contract assets are measured at amortised cost while derivatives are measured at fair value through profit or loss unless designated in a qualifying hedging relationship.

2.17 Trade and other debtors

Trade debtors and contract assets are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debtors and contract assets. To measure the expected credit losses, trade debtors and contract assets have been grouped based on shared credit risk characteristics and the number of days past due. The expected loss rates are based on payment profiles of sales over a preceding 36-month period and the corresponding historical credit losses experienced within this period. When appropriate the historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the debtors where a trend exists.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for an extended period. Amounts recoverable on contracts are included in trade debtors and represent revenue recognised in excess of payments on account.

Loans to group undertakings are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment. The Company recognises expected credit losses which uses a lifetime expected loss allowance for all debt investments unless the asset is considered to have low credit risk, in which case the loss allowance recognised is limited to 12 months' expected losses.

2.18 Trade and other creditors

Trade creditors are generally recognised at the value of the invoice received from a supplier.

2.19 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet represent cash on hand and at banks.

2.20 Provisions

Provisions are recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle it. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate discount rate.

Provisions for warranties, based on historical warranty data, are recognised when the underlying products or services are sold. Warranties over the Company's products cover a period of one to two years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.21 Pensions

Defined benefit scheme

The Company is a participating employer of the Videndum Group Pension Scheme (formerly The Vitec Group Pension Scheme), the Videndum Group's defined benefit pension scheme in the UK, which was closed to future benefit accrual with effect from 31 July 2010. The assets of the scheme are held separately from those of the Company. The Company's net obligation in respect of this defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to market yields at the Balance Sheet date on high quality corporate bonds.

The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they arise in the statement of other comprehensive income.

The Company recognises the on-going service cost in the Profit and Loss Account as part of operating profit. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets and is recognised as part of net financial expense. Past-service costs are recognised immediately in the Profit and Loss Account, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period. Any cost or income relating to the curtailment or settlement of a pension scheme is recognised immediately in the Profit and Loss Account.

Defined contribution scheme

All UK employees of the Company are offered membership of the Videndum Group 2014 Pension Scheme (formerly Vitec Group 2014 Pension Scheme), which is a defined contribution scheme and, with effect from 1 April 2014, all employees are automatically enrolled into that scheme.

The Company's legal or constructive obligation is limited to the contributions made. The amounts charged against profits represent contributions payable to the scheme in respect of the accounting period.

2.22 Government grants

The Company received UK government assistance as a result of the COVID-19 pandemic in 2020 in the form of contributions towards employee costs. This was subsequently repaid to the UK government during 2021. For government assistance which meets the definition of a government grant, under IAS 20 the Company applies the income approach to account for the grants received. As such, the grant income and repayment has been recognised in the Profit and Loss Account separately under the heading 'Government Grant'. In the year ending 31 December 2021, grant payments of £0.8million (2020 income: £0.8 million) was made. There are no unfulfilled conditions or other contingencies attached to this government assistance.

2.23 Debtors – loans to group undertakings

Loans are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment. The Company recognises expected credit losses which uses a lifetime expected loss allowance for all debt investments unless the asset is considered to have low credit risk, in which case the loss allowance recognised is limited to 12 month's expected losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following provides information on those policies that the Directors consider critical because of the level of judgement and estimation required which often involves assumptions regarding future events which can vary from what is anticipated. The Directors review the judgements and estimates on an ongoing basis with revisions to accounting estimates recognised in the period in which the estimates are revised and in any future periods affected. The Directors believe that the financial statements reflect appropriate judgements and estimate and provide a true and fair view of the Company's performance and financial position.

Critical judgements involving estimates

The following are the critical judgements which involve estimations that the Directors have made in the process of applying the Company's accounting policies and that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Working capital

Judgement is applied to assess whether a trade debtor is recoverable or not, and whether the level of provision required to write down the value of the debtor to its recoverable amount is appropriate.

Judgement is applied to assess the level of provisions required to write down slow-moving, excess and obsolete inventory to its net realisable value, as well as provision for warranty claims on our products. The estimation of inventory impairment is based on anticipated future sales of products over particular time periods. The anticipated level of future sales is determined primarily based on actual sales over a specified historic reference period which is determined by management and is deemed appropriate to the type of inventory.

Pension benefits

The actuarial valuations associated with the pension scheme involve making assumptions about discount rates, future salary increases, future pension increases and mortality rates. All assumptions are reviewed at each reporting date. Further details about the assumptions used are set out in note 25.

Taxation

Management is required to make estimates in determining the provisions for income taxes and deferred tax assets and liabilities recognised in the financial statements. Tax benefits are recognised to the extent that it is probable that sufficient taxable income will be available in the future against which temporary differences can be utilised. Details on the tax charge and assets and liabilities recorded are set out in notes 12 and 20.

Critical judgements in applying the Company's accounting policies

The following are critical judgements that the Company makes, apart from those involving estimations (which are dealt with above), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Development costs

The Company capitalises development costs which meet the criteria under IAS 38 "Intangible Assets" and discloses the amount capitalised in note 13 "Intangible Assets". The Company makes significant judgements in the application of IAS 38, particularly in relation to its requirements regarding the technical feasibility of completing the asset and the Company's ability to sell and generate future economic benefits from the intangible asset. The amount of costs capitalised in the year ended 31 December 2021 and further details are set out in note 13.

Taxation

In relation to tax, these include the interpretation and application of existing legislation.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

4. TURNOVER

Turnover by geographic market is presented as follows:

	2021 £'000	2020 £'000
United Kingdom	1,720	5,615
Rest of Europe	57,306	19,541
Rest of the World	28,231	31,695
	<u>87,257</u>	<u>56,851</u>

5. OPERATING EXPENSES

	2021 £'000	2020 £'000
Marketing, selling and distribution costs	8,459	7,039
Administration costs	7,110	6,656
Research and development costs	2,458	2,718
	<u>18,027</u>	<u>16,413</u>

6. GOVERNMENT GRANT

	2021 £'000	2020 £'000
Job Retention Scheme	(758)	758
	<u>(758)</u>	<u>758</u>

During the year the company repaid amounts received from the UK government in 2020 in relation to furlough payments received under the Coronavirus Job Retention Scheme.

7. PROFIT BEFORE TAX

Profit before tax is stated after charging:

	2021 £'000	2020 £'000
Amortisation of intangible assets (see note 13)	874	1,809
Depreciation of fixed tangible assets (see note 14)	1,263	1,403
Net foreign exchange gains/(losses)	(428)	101
Low value leases/rentals:		
Other	3	3
Auditor's remuneration: Audit of Company's annual accounts	106	74
	<u>106</u>	<u>74</u>

VIDENDUM PRODUCTION SOLUTIONS LIMITED (FORMERLY VITEC PRODUCTION SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£'000	£'000
Interest received from Group companies	2,914	3,463
Net currency translation gains	-	261
	<u>2,914</u>	<u>3,724</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£'000	£'000
Interest payable	25	10
Interest payable on lease liability	222	235
Net interest charge on pension scheme liabilities (see note 25)	140	90
Net currency translation loss	418	-
	<u>805</u>	<u>335</u>

10. STAFF NUMBERS AND COSTS INCLUDING DIRECTORS' REMUNERATION

Average number of employees during the year was made up as follows:

	2021	2020
Production	94	94
Sales and marketing	40	36
Administration	30	31
Research and development	27	24
	<u>191</u>	<u>185</u>

Aggregate remuneration of all employees during the year:

	2021	2020
	£'000	£'000
Wages and salaries	10,282	10,674
Employer's social security costs	1,045	1,198
Employer's pension costs (see note 25)	632	503
Government Grant Job Retention Scheme	758	(758)
Share based payments	322	541
	<u>13,039</u>	<u>12,158</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

11. DIRECTORS' REMUNERATION

Directors' remuneration and associated costs that were borne by the Company during the year are disclosed in the table below.

	2021 £'000	2020 £'000
Directors' emoluments	971	665
Defined contribution pension costs	77	42
	<u>1,048</u>	<u>707</u>

During the year retirement benefits were accruing to three (2020: three) Directors in respect of defined contribution pension schemes. Three of the Directors were employed by the Company during the year.

Directors employed by the ultimate parent company received £nil (2020: £nil) remuneration from the Company in respect of qualifying services to the Company.

During the year, three (2020: three) Directors, including the highest paid director, exercised share options in the ultimate parent company.

During the year, three Directors (2020: three), including the highest paid director, employed and remunerated by the Company, received shares in the ultimate parent company under a long-term incentive scheme in respect of qualifying services to the Company.

Remuneration of highest paid Director:

	2021 £'000	2020 £'000
Directors' emoluments	531	319
Defined contribution pension costs	56	19
	<u>587</u>	<u>338</u>

12. TAX ON PROFIT

a) Tax charged in the profit and loss account:

	2021 £'000	2020 £'000
<i>Current tax:</i>		
Current year tax charge	2,775	
Adjustment in respect of previous periods	(72)	532
	<u>2,703</u>	<u>532</u>
<i>Deferred tax:</i>		
Prior year adjustments	-	184
Effect of rate change	281	109
Origination and reversal of timing differences	396	(51)
IFRS 16	2	2
	<u>679</u>	<u>244</u>
Total tax charge	<u>3,382</u>	<u>776</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

12. TAX ON PROFIT (CONTINUED)

b) Reconciliation of the total tax charge

The tax assessed on the profit for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £'000	2020 £'000
Profit before tax	16,199	2,004
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	3,078	381
<i>Effects of:</i>		
Expenses not deductible for tax purposes	13	150
Super Depreciation deduction	(34)	
Adjustments in respect of previous periods - deferred tax	-	184
Adjustments in respect of previous periods - current tax	(72)	532
Effect of rate change	397	109
Group relief claimed free of charge	-	(580)
Total tax charge	<u>3,382</u>	<u>776</u>

The UK corporation tax rate enacted by the balance sheet date is 25%. On 24 May 2021 the Finance Act 2021 substantively enacted a corporation tax increase from 19% to 25%, effective from 1 April 2023. The closing deferred tax assets and liabilities have therefore been calculated at 25%, where this rate is deemed appropriate for those assets and liabilities.

13. INTANGIBLE ASSETS

	Capitalised development costs	Trademarks	Software	Total
	£'000	£'000	£'000	£'000
Cost				
As at 1 January 2021	9,545	2,059	3,403	15,007
Additions	604	-	42	646
Disposals	(79)	-	(82)	(161)
As at 31 December 2021	<u>10,070</u>	<u>2,059</u>	<u>3,363</u>	<u>15,492</u>
Amortisation				
As at 1 January 2021	6,762	2,059	3,172	11,993
Amortisation for the year	727	-	147	874
Disposals	(79)	-	(82)	(162)
As at 31 December 2021	<u>7,410</u>	<u>2,059</u>	<u>3,237</u>	<u>12,706</u>
Net book value				
As at 31 December 2020	<u>2,783</u>	<u>-</u>	<u>231</u>	<u>3,014</u>
As at 31 December 2021	<u>2,660</u>	<u>-</u>	<u>126</u>	<u>2,786</u>

Capitalised development costs relate to eleven projects and are amortised over their lives, commencing when the project is finalised. Trademarks relate to the Litepanels brand.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

14. TANGIBLE ASSETS

	Leasehold Land & Buildings £'000	Plant, machinery & tooling £'000	Equipment, fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost					
As at 1 January 2021	9,692	9,362	2,964	21	22,039
Additions	236	412	359	-	1,007
Disposals	-	(328)	(484)	(7)	(819)
As at 31 December 2021	9,928	9,446	2,839	14	22,227
Depreciation					
As at 1 January 2021	2,056	8,077	2,424	9	12,566
Charge for the year	680	386	192	5	1,263
Disposals	-	(320)	(484)	(3)	(807)
As at 31 December 2021	2,736	8,143	2,132	11	13,022
Net book value					
As at 31 December 2020	7,636	1,285	540	12	9,473
As at 31 December 2021	7,192	1,303	707	3	9,205

Capital commitments at 31 December 2021 for which no provision has been made in the accounts amount to £18,000 (2020: £17,000).

Right-of use Assets

	Leasehold Land & Buildings £'000	Equipment, fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost				
As at 1 January 2021	6,796	112	17	6,925
Additions	-	-	-	-
Disposals	-	-	(7)	(7)
As at 31 December 2021	6,796	112	10	6,918
Depreciation				
As at 1 January 2021	1,513	61	5	1,579
Charge for the year	482	23	5	510
Disposals	-	-	(3)	(3)
As at 31 December 2021	1,995	84	7	2,086
Net book value				
As at 31 December 2020	5,283	51	12	5,346
As at 31 December 2021	4,801	28	3	4,832

The total cash outflow for leases is £657,000 (2020: £669,000) of which £222,000 (2020: £235,000) relates to interest and £435,000 (2020: £434,000) to principal lease repayments.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

15. INVESTMENTS

	Total £'000	Shares in Group undertakings £'000	Loans to Group undertakings £'000
Cost			
At 1 January and 31 December 2020	112,024	4,385	107,639
Additions	-	-	-
At 31 December 2021	112,024	4,385	107,639
Provisions			
At 1 January and 31 December 2020	(3,275)	(3,275)	-
Impairment	-	-	-
At 31 December 2021	(3,275)	(3,275)	-
Net book value			
At 1 January and 31 December 2020	108,749	1,110	107,639
At 31 December 2021	108,749	1,110	107,639

The Company's investments in subsidiaries as at 31 December 2021 are as follows:

Company	Country of incorporation	Class and number of shares in existence	Percentage of shares held
The Camera Store Limited	England & Wales ⁽¹⁾	2 ordinary shares of £1 each	100%
Radamec Broadcast Systems Limited	England & Wales ⁽¹⁾	1,042,655 ordinary shares of £1 each	100%

Registered address:

⁽¹⁾ Bridge House, Heron Square, Richmond, TW9 1EN, United Kingdom.

The loans to group undertakings are unsecured and bear interest at an agreed 2.28% margin plus six-month SONIA (Sterling Overnight Index Average) rate. On 12 November 2021, the Company signed an amendment and restatement agreement to change the underlying benchmark from GBP LIBOR to the relevant risk-free rate SONIA, due to the cessation of GBP LIBOR on 31 December 2021. The loan amount is repayable on 31 December 2023.

16. STOCK

	2021 £'000	2020 £'000
Raw materials and components	1,603	878
Work in progress	835	562
Finished goods	7,576	5,465
	10,014	6,905

During the year £75,000 (2020: £621,000) was recognised as an expense resulting from the write down of stock.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

17. DEBTORS

	2021	2020
	£'000	£'000
<i>Amounts falling due within one year:</i>		
Trade debtors, net of provisions	389	3,848
Amounts owed by group undertakings	60,277	40,462
Other debtors	1,207	809
Prepayments	1,097	726
Derivative financial instruments	37	62
Current tax asset	-	231
Deferred tax asset (see note 20)	360	31
	<u>63,367</u>	<u>46,169</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	276	415
Other debtors	439	481
Deferred tax asset (see note 20)	1,144	2,201
	<u>1,859</u>	<u>3,097</u>
	<u>65,226</u>	<u>49,266</u>

All amounts owed by group undertakings are unsecured, bear no interest and are repayable on demand.

The amounts previously reported in 'Amounts owed by group undertakings' was £148,101,000. This included intercompany loans of £107,639,000 which have been reclassified to 'Loans to group undertakings' under fixed assets. See Note 15 for details.

18. CREDITORS

Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
<i>Amounts falling due within one year:</i>		
Trade creditors	4,472	1,842
Amounts owed to group undertakings	27,169	26,891
Other taxation and social security costs	1,685	245
Derivative financial instruments	44	-
Other creditors	1,278	1,227
Accruals	931	646
Lease liabilities	647	573
Current tax liability	2,469	-
Contract liabilities	119	139
	<u>38,814</u>	<u>31,563</u>

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

18. CREDITORS (CONTINUED)

Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
<i>Amounts falling due after more than one year and less than five years:</i>		
Deferred Tax Liability	665	-
Lease liabilities	2,181	2,286
	<u>2,846</u>	<u>2,286</u>
<i>Amounts falling due after more than five years</i>		
Lease liabilities	3,130	3,632
	<u>3,130</u>	<u>3,632</u>
Total	<u>5,976</u>	<u>5,918</u>

The lease liability due after more than five years is for a single lease and has been accounted for under IFRS 16 (Leases). The lease repayments are made quarterly and comprise a fixed and variable element. The variable element of the repayment is reviewed quadrennially. The minimum quadrennial variable increase is 1.0% and maximum is based on indexation using the retail price index (RPI) over that period, capped at 4.0%. The incremental borrowing rate applied to the lease is 4.0% which was assessed as the rate in which the company could borrow over a similar term and with similar security.

19. PROVISIONS

	Warranty provision £'000	Other provisions £'000	Total provisions £'000
As at 1 January 2021	799	221	1,020
Utilised during the year	(799)	(100)	(899)
Charge to profit and loss for the year	391	-	391
As at 31 December 2021	<u>391</u>	<u>121</u>	<u>512</u>

Warranties over the Company's products cover a period of one to two years.

Other provisions relate to estimated dilapidation costs relating to the site at Bury St. Edmunds, payable at the end of the lease in 2032, and legal costs due in one to five years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

20. DEFERRED TAXATION

Deferred tax assets and liabilities:

	2021 £'000	Recognised in profit and loss £'000	Recognised in OCI or Equity £'000	2020 £'000
Assets				
Pension	1,144	(331)	(726)	2,201
Property, plant, equipment & other	326	(218)	-	544
IFRS 16	34	6	-	28
	<u>1,504</u>	<u>(543)</u>	<u>(726)</u>	<u>2,773</u>
Liabilities				
Intangible liabilities	(665)	(136)	-	(529)
Cash flow hedges	-	-	12	(12)
	<u>(665)</u>	<u>(136)</u>	<u>12</u>	<u>(541)</u>
Net	839	(679)	(714)	2,232

The UK tax rate for the year ended is 19%.

On 24 May 2021 the Finance Act 2021 substantively enacted a corporation tax increase from 19% to 25%, effective from 1 April 2023. The closing deferred tax assets and liabilities have therefore been calculated at 25%, where this rate is deemed appropriate for those assets and liabilities.

21. SHARE CAPITAL

	2021 £'000	2020 £'000
Authorised ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
Issued, allotted and called up: 50,000,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

22. SHARE PREMIUM

	2021 £'000	2020 £'000
As at 1 January and 31 December	<u>67,639</u>	<u>67,639</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

23. LEASES OF LOW VALUE ASSETS

Non-cancellable leases of low value assets are payable as follows:

	2021 £'000	2020 £'000
Less than one year	1	2
Between one and five years	2	3
	<u>3</u>	<u>5</u>

These relate to low value leases, where the company has chosen to recognise the lease payments as expenses in the Profit and Loss account in accordance with IFRS 16 "Leases".

24. CONTINGENT LIABILITIES

The Company is a guarantor to a £165 million Multicurrency Revolving Credit Facility Agreement, with an optional one-year extension. This facility will expire on 14 February 2025 without the utilisation of the extensions. The agreement is between Videndum plc (formerly The Vitec Group plc), several of its subsidiaries and five banks. This guarantee is considered to be an inter group insurance arrangement and in accordance with IFRS 4 is accounted for as a contingent liability. In January 2022, the one-year extension was agreed with four syndicate banks resulting in £35.0 million expiring on 14 February 2025 and £130.0 million expiring on 14 February 2026.

The Company is a guarantor to an amortising Term Loan of \$53.0 million (£39.1 million) which will expire on 14 November 2024. The agreement is between Videndum plc and a syndicate of four banks.

Details of the financing facility and loans can be found in the Annual Report & Accounts 2021 of Videndum plc.

During 2020 the Company was a guarantor to a Euro Commercial Paper Programme, set up to access the Bank of England's COVID Corporate Financing Facility ("CCFF") scheme. This was repaid in March 2021 by Videndum plc.

25. PENSION COMMITMENTS

The Videndum Group operates a defined contribution pension scheme called The Videndum Group 2014 Pension Scheme (formerly The Vitec Group 2014 Pension Scheme). The assets of the scheme are held separately from those of the Videndum Group in an independently administered fund. All UK employees of the Group are eligible to join The Videndum Group 2014 Pension Scheme. With effect from 1 April 2014, all employees of the Company are automatically enrolled into that scheme. The costs of providing pensions for employees under defined contribution schemes are expensed as incurred. The pension cost for the year in respect of the defined contribution scheme was £632,000 (2020: £653,000).

The employer's pension costs (see note 10) are the cost of both the defined benefit and defined contribution schemes.

The Videndum Group Pension scheme is a funded final salary scheme closed to future benefit accrual with effect from 31 July 2010. As a result, since that date, no contributions are payable in respect of future accrual of benefits. As the 5 April 2019 funding valuation of the scheme disclosed a funding surplus, no recovery plan was required under the Pensions Act 2004. As such, member and employer contributions to the scheme over the year to 31 December 2021 were £nil. The scheme is subject to all legislation and regulations that apply to UK occupational pension schemes.

The latest funding valuation of the Scheme was performed as at 5 April 2021 and showed that the Scheme had a surplus of £4.0 million under the technical provisions. The Principal Employer has agreed with the Trustees of the Scheme that no recovery plan is required and therefore the Company is not expected to make any payments into the Scheme until at least the completion of the next triennial valuation as at 5 April 2022.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

25. PENSION COMMITMENTS (CONTINUED)

The main risk to which the Company is exposed to by the scheme is that the cost of the benefits provided by the scheme is greater than expected, for example due to lower than expected investments returns or members of the scheme living longer than expected, which may result in additional contributions being required from the Company.

Sensitivity of obligations to alternative assumptions

	2021	2020
Discount rate increased by 0.1% points	-1.2%	-1.4%
Inflation increased by 0.1% points	+0.8%	+1%
Life expectancy reduced by one year	+3.2%	+3.6%

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Assumptions used by the actuary to value the liability of the defined benefit plan, on 31 December were:

	2021	2020
Discount rate	1.9% pa	1.2% pa
Price inflation (RPI)	3.3% pa	2.9% pa
Price inflation (CPI)	2.3% pa	1.9% pa
Pension increase rate		
- Discretionary (pre - 6 April 1997 accrual in excess of GMP)	3.2% pa	2.8% pa
- Guaranteed LPI 5% (6 April 1997 - 30 June 2008)	3.2% pa	2.9% pa
- Guaranteed LPI 5%, with 3% floor	3.4% pa	3.3% pa
- Guaranteed LPI 2.5% (accrual from 1 July 2008)	2.2% pa	2.1% pa
Life expectancy of male / female aged 65 in 2021	22.2/24.6	22.4/24.7
Life expectancy of male / female aged 65 in 2035	22.8/25.5	23/25.6

Change in DBO for the year to 31 December

	2021	2020
	£'000	£'000
Present value of DBO at start of year:	80,360	68,590
Interest cost	950	1,420
Actuarial loss/(gain) on experience	1,000	(300)
Actuarial (gain)/loss on financial assumptions	(4,730)	11,590
Actuarial (gain)/loss on demographic assumptions	(540)	1,390
Actual benefit payments	(2,100)	(2,180)
Past service gains	(120)	(150)
Present value of DBO at end of year	<u>74,820</u>	<u>80,360</u>

At 31 December 2021, the weighted-average duration of the scheme's DBO was 17 years (2020: 18 years).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

25. PENSION COMMITMENTS (CONTINUED)

Scheme assets and proportion which have quoted market price, at 31 December

	Fair value 2021 £'000	Quoted split %	Unquoted split %	Fair value 2020 £'000
Bonds	22,410	100	-	40,470
Equities	39,070	100	-	19,470
Infrastructure	8,230	-	100	7,580
Cash/non-cash assets	320	-	100	1,050
Insurance policies	150	-	100	200
Total value of assets	<u>70,180</u>			<u>68,770</u>

Note: The asset values shown are, where relevant, estimated bid values of market securities.

	2021 £'000	2020 £'000
Change in fair value of assets for the year to 31 December		
Fair value of assets at start of year	68,770	64,420
Interest income on scheme assets	810	1,330
Return on scheme assets greater than discount rate	2,700	5,200
Actual benefit payments	(2,100)	(2,180)
Fair value of assets at the end of year	<u>70,180</u>	<u>68,770</u>
Development of net balance sheet position at 31 December		
Present value of defined benefit obligations	(74,820)	(80,360)
Assets at fair value	<u>70,180</u>	<u>68,770</u>
Net defined benefit scheme liability	<u>(4,640)</u>	<u>(11,590)</u>
Reconciliation of net balance sheet position		
Net defined benefit scheme liability at start of year	(11,590)	(4,170)
Total amounts (expensed)/credited to the Income Statement	(20)	60
Remeasurement effects recognised in Other Comprehensive Income ("OCI")	6,970	(7,480)
Defined benefit scheme liability at end of year	<u>(4,640)</u>	<u>(11,590)</u>
Amounts recognised in the Income Statement		
Past service gains	<u>(120)</u>	<u>(150)</u>
Included in operating expenses	(120)	(150)
Net interest expense on net defined pension scheme liability	140	90
Total amounts expensed/(credited) to the Income Statement	<u>20</u>	<u>(60)</u>

Note: From 1 April 2017 the Company directly meets the expenses of running the Scheme as well as any PPF levies. These expenses are included in administration costs in the Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

25. PENSION COMMITMENTS (CONTINUED)

	2021	2020
	£'000	£'000
Amounts recognised in the OCI		
Actuarial loss/(gain) due to liability experience	1,000	(300)
Actuarial (gain)/loss due to liability assumption changes	(4,730)	11,590
Actuarial (gain)/loss due to changes in demographic assumptions	(540)	1,390
Actuarial (gain)/loss arising during the period	(4,270)	12,680
Actual return on plan assets less interest on plan assets	(2,700)	(5,200)
Remeasurement effects recognised in OCI	(6,970)	7,480
Defined benefit pension scheme cost		
Past service gains	(120)	(160)
Net interest expense on net defined benefit pension scheme liability	140	90
Remeasurement effects recognised in OCI	(6,970)	7,480
Total defined benefit pension scheme (credit)/cost	(6,950)	7,410

26. POST BALANCE SHEET EVENTS

The Company became a guarantor to an amortising Term Loan of £47.0 million (£34.7million) taken out on 7 January 2022 which will expire on 7 January 2025. The agreement is between Videndum plc (formerly The Vitec Group plc) and a syndicate of four banks.

On 23 May 2022 the Company changed its name from Vitec Production Solutions Limited to Videndum Production Solutions Limited.

There were no other material adjusting or non-adjusting events that require disclosure between the Balance Sheet date and the date of this report.

27. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Videndum plc (formerly The Vitec Group plc) of whom are deemed to be the controlling party. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Videndum plc, a company which is registered in England and Wales. Copies of the Annual Report & Financial Statements 2021 of Videndum plc are available from the Company Secretary, Bridge House, Heron Square, Richmond, TW9 1EN.