

# **Charles Lawrence Surfaces Limited**

## **Report and Financial Statements**

31 January 2022

Registered No: 00932266



# Charles Lawrence Surfaces Limited

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Registered No: 00932266

## Corporate information

### Directors

A B Malcolm  
W H Malcolm

### Secretary

C R Stewart

### Auditors

Ernst & Young LLP  
G1 Building  
5 George Square  
Glasgow  
G2 1DY

### Bankers

HSBC UK Bank plc  
141 Bothwell Street  
Glasgow  
G2 7EQ

### Registered Office

Brunel House  
Jessop Way  
Newark  
Nottinghamshire  
NG24 2ER

## Strategic report

### Principal activity, review of the business and future developments

The principal activity of the company is the supply and installation of specialist synthetic sports and recreational surfaces and related equipment. The performance of the business during the year was in line with expectations. A strong order book going into 2022 leaves the business well positioned for the year ahead, although the first six months, post Brexit transition, supply chain shortages had an inflationary impact in our cost base, resulting in margin pressure and some of our contracted orders have inevitably been delayed or deferred to a later time which will have an adverse impact on the Company's operating performance in the next financial year.

The company's ultimate parent undertaking is The Malcolm Group Ltd ("the Group"). As committed bank facilities are in place until July 2025, the Group remains well positioned to take advantage of new business development opportunities despite the headwinds facing the UK economy.

### Financial risk management objectives and policies

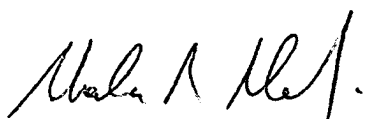
As the company's operations are virtually all situated within the United Kingdom, the principal financial risk is associated with interest rates. With the exception of the purchase of artificial sports turf the company has minimal currency dealings.

The Board has agreed policies for interest rate and foreign currency risks to be managed by the Group's central treasury function on a day to day basis. The purpose of these policies is twofold. Firstly, they ensure that the Group has adequate funding at all times. Secondly, the policies are designed to carefully manage all interest rate and any foreign currency exposures. Transactions of a speculative nature are not permitted.

Operations have been financed through a combination of bank borrowings, long-term loans and short-term cash deposits. The Group borrows in Sterling at floating rates of interest and utilises derivative transactions to generate the desired effective interest rate and foreign currency profiles.

Derivatives used for this purpose are primarily interest rate swaps, currency options and forward currency contracts.

By order of the board



C R Stewart  
Secretary  
28 October 2022

## Directors' report

The directors present their report and financial statements for the year ended 31 January 2022.

### Results and dividends

The trading profit for the period, after taxation, amounted to £175,000 (2021 - £28,000). The directors recommended an ordinary dividend amounting to £nil (2021 - £200,000).

### Directors and their interests

The directors who held office throughout the year were:

A B Malcolm  
W H Malcolm

### Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Group's banking facilities were due for renewal on 18 December 2020. In advance of this, the directors prepared a five-year business plan for our banking partners, which resulted in the Group's banking facilities being renewed for a further five-year term ending in July 2025. This review took account of the financial forecasts and stress test analysis which specifically modelled the potential impact of the coronavirus pandemic on the Malcolm Group financial performance.

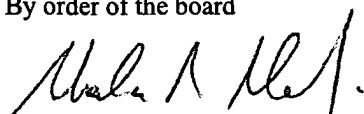
The directors, having assessed the responses of the directors of the company's ultimate parent The Malcolm Group Ltd to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of The Malcolm Group Ltd group to continue as a going concern until at least 31 January 2024 or its ability to continue with the Group's banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of The Malcolm Group Ltd, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

By order of the board



C R Stewart  
Secretary

28 October 2022

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARLES LAWRENCE SURFACES LIMITED

## Opinion

- We have audited the financial statements of Charles Lawrence Surfaces Limited for the year ended 31 January 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period through to 31 January 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## 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 this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of 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 directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

## ***Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Companies Act 2006) and relevant tax compliance regulations in the UK.
- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing

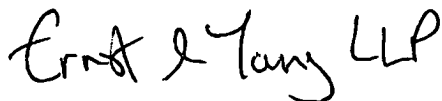
supporting documentation. We corroborated our enquiries through our review of board minutes, and we noted that there was no contradictory evidence.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls at a group level. Where the risk was considered to be higher, we performed audit procedures to address the identified fraud risks, management override of controls and revenue recognition in relation to contracts.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved, journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management and those charged with governance. In order to address our revenue recognition risk in relation to revenue derived from contracts, we vouched a sample of contract revenue to third party support, including third party confirmations of costs incurred which drive the percentage of completion calculation. We challenged period judgements regarding the percentage completion of contracts and considered post period performance. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements.

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

### **Use of our report**

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

Handwritten signature of Paul Copland in black ink, reading "Ernst & Young LLP".

*Paul Copland (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Glasgow, 31 October 2022*



## Income Statement

For the year ended 31 January 2022

	<i>Notes</i>	<i>2021/22 £000</i>	<i>2020/21 £000</i>
<b>Turnover</b>	2	13,930	9,546
Cost of sales		(12,771)	(8,379)
<b>Gross profit</b>		1,159	1,167
Administrative expenses		(939)	(1,138)
<b>Profit on ordinary activities before taxation</b>	3	220	29
Interest payable	5	(3)	–
<b>Profit on ordinary activities before taxation</b>		217	29
Tax on profit on ordinary activities	6	(42)	(1)
<b>Profit on ordinary activities after taxation</b>		175	28

## Statement of Comprehensive Income

for the year ended 31 January 2022

	<i>Notes</i>	<i>2021/22 £000</i>	<i>2020/21 £000</i>
<b>Profit for the financial year</b>		175	28
<b>Total other comprehensive income</b>		–	–
<b>Total comprehensive income for the year</b>		175	28

There are no items of comprehensive income other than the profit for the year of £175,000 (2020/21 - £28,000).

## Statement of Changes in Equity

For the year ended 31 January 2022

		<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Capital Redemption reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total share holders' funds £000</i>
<b>At 31 January 2020</b>		148	190	26	2,328	2,692
<b>Profit for the financial year</b>		–	–	–	28	28
<b>Dividends paid</b>		–	–	–	(200)	(200)
<b>At 31 January 2021</b>		148	190	26	2,156	2,520
<b>Profit for the financial year</b>		–	–	–	175	175
<b>At 31 January 2022</b>	11, 12	148	190	26	2,331	2,695

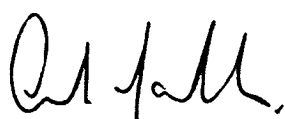
Shareholders' funds are entirely attributable to equity interests.

**Statement of Financial Position**

at 31 January 2022

	Notes	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	7	—	—
Tangible assets	8	—	—
		<u>—</u>	<u>—</u>
		<u>—</u>	<u>—</u>
<b>Current assets</b>			
Debtors	9	8,973	8,881
Cash at bank and in hand		62	1,820
		<u>9,035</u>	<u>10,701</u>
<b>Creditors:</b> amounts falling due within one year	10	6,340	8,181
		<u>2,695</u>	<u>2,520</u>
<b>Net current assets</b>		<u>2,695</u>	<u>2,520</u>
<b>Total assets less current liabilities</b>		<u>2,695</u>	<u>2,520</u>
<b>Capital and reserves</b>			
Called up share capital	11	148	148
Share premium account	12	190	190
Capital redemption reserve	12	26	26
Profit and loss account	12	2,331	2,156
		<u>2,695</u>	<u>2,520</u>
		<u>2,695</u>	<u>2,520</u>

The financial statements were approved by the Board of Directors on 28 October 2022 and were signed on its behalf by:



A B Malcolm  
Director

## Notes to the financial statements

at 31 January 2022

### 1. Accounting policies

#### **Statement of compliance**

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 January 2022.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

In view of the exemptions available under FRS 102, no Cash Flow Statement has been prepared. A Group Cash Flow Statement consolidating the cash flows of the company is combined within the financial statements of The Malcolm Group Limited, the ultimate parent company.

The company has taken advantage of the exemption in FRS 102 which permits non-disclosure of transactions with entities which are part of The Malcolm Group Limited whose consolidated financial statements are publicly available.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Group's banking facilities were due for renewal on 18 December 2020. In advance of this, the directors prepared a five-year business plan for our banking partners, which resulted in the Group's banking facilities being renewed for a further five-year term ending in July 2025. This review took account of the financial forecasts and stress test analysis which specifically modelled the potential impact of the coronavirus pandemic on the Malcolm Group financial performance.

The directors, having assessed the responses of the directors of the company's ultimate parent The Malcolm Group Ltd to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of The Malcolm Group Ltd group to continue as a going concern until at least 31 January 2024 or its ability to continue with the Group's banking arrangements

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of The Malcolm Group Ltd, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

#### **Impairment of non-financial assets**

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes

## Notes to the financial statements

at 31 January 2022

### 1. Accounting policies (continued)

#### Operating lease commitments

The Company has entered into various leases as a lessee and obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

#### Significant accounting policies:

##### *Tangible fixed assets*

##### *Property, Plant and Equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Motor vehicles	- 20% per annum
Plant and equipment	- 10%, 20% or 25% per annum
Fixtures & fittings and computer equipment	- 10%, 20% or 25% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

##### *Stocks*

Stocks which comprise raw materials and consumables are stated at the lower of cost, which comprises actual invoice price, and net realisable value, which is based on estimated selling price less further costs expected to be incurred to disposal.

##### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

##### *Short-term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

##### *Leasing and hire purchase commitments*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

## Notes to the financial statements

at 31 January 2022

### 1. Accounting policies (continued)

#### *Pensions*

For the company's defined contribution schemes, contributions are charged to the profit and loss account as they become payable pursuant to the rules of the scheme.

#### *Interest-bearing loans and borrowings*

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

#### *Goodwill*

Goodwill, representing the excess of purchase consideration over the fair value of net assets acquired, is capitalised and amortised over its useful life. Once capitalised, goodwill is reviewed for impairment at the end of the first full year following acquisition and in other accounting periods where events or changes in circumstances indicate that the carrying value may not be recoverable.

### 2. Turnover

Turnover which is stated net of value added tax represents the invoiced amount of goods sold and services provided.

The turnover and pre-tax profit are attributable to the continuing activity, namely the supply and installation of specialist synthetic sports and recreational surfaces and related equipment

### 3. Operating profit

This is stated after charging:

	2021/22	2020/21
	£000	£000
Auditors' remuneration - audit services	7	7
Operating lease rentals - land and buildings	68	85
	<u>75</u>	<u>92</u>

### 4. Staff costs

(a) Staff Costs (including directors)	2021/22	2020/21
	£000	£000
Wages and salaries	1,508	1,404
Social security costs	151	143
Other pension costs	17	19
	<u>1,676</u>	<u>1,566</u>

The average weekly number of employees during the period was made up as follows:

	2021/22	2020/21
	No.	No.
Office and management	15	17
Manufacturing and installation	31	31
	<u>46</u>	<u>48</u>

Directors' remuneration:

	2021/22	2020/21
	£000	£000
Emoluments (excluding pension contributions)	—	—

## Notes to the financial statements

at 31 January 2022

### 4. Staff costs (continued)

#### (b) Staff Costs (including directors) (continued)

A number of directors of this company are also directors of the holding company and fellow subsidiaries. These directors received total remuneration for the year of £835,916 (2020/21 - £1,160,493) all of which was paid by a fellow subsidiary company. The directors do not believe that it is practicable to apportion this amount between their services as director of the company and their services as director of the holding and fellow subsidiary companies.

The number of directors who were members of the pension scheme at the year-end was none (2021 - none).

#### (c) Pensions

The company operates a defined contribution pension scheme, The Malcolm Group Stakeholder Pension Plan, for employees joining on or after 1 July 2002. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the year end.

### 5. Interest payable

	2021/22	2020/21
	£	£
Bank and other interest	3	—
	<u>3</u>	<u>—</u>

### 6. Taxation

#### (a) Tax on profit on ordinary activities

	2021/22	2020/21
	£000	£000
The tax charge is made up as follows:		
<i>Current tax:</i>		
UK Corporation tax	41	5
Adjustment in respect of prior years	(42)	—
Total current tax	<u>(1)</u>	<u>5</u>
<i>Deferred tax:</i>		
Originating and reversal of timing differences	1	1
Effect of changes in tax rate	42	(5)
Deferred tax total	<u>43</u>	<u>(4)</u>
	<u>42</u>	<u>1</u>

#### (b) Factors affecting current tax charge

The tax assessed on the results for the year is lower than the standard rate of corporation tax in the UK of 19.0% (2020/21 – 19.0%). The differences are reconciled below:

	2021/22	2020/21
	£000	£000
Profit on ordinary activities before taxation	217	29
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020/21 – 19.0%)	41	6
Items not deductible for tax purposes	1	—
Effect of changes in tax rate	—	(5)
Total tax per income statement	<u>42</u>	<u>1</u>

## Notes to the financial statements

at 31 January 2022

### 6. Taxation (continued)

(c) Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% (2021 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

### 7. Intangible fixed assets

	<i>At 1 Feb 21</i>	<i>Movement</i>	<i>At 31 Jan 22</i>
	<i>£000</i>	<i>£</i>	<i>£000</i>
Cost	280	–	280
Amortisation	(280)	–	(280)
Net book amount	–	–	–

On 8 February 2008, the company acquired the business and fixed assets of Woodholme Construction Ltd for a consideration of £518,200. The fair value of the fixed assets acquired was £238,200, leaving goodwill of £280,000, which has been fully amortised.

### 8. Tangible fixed assets

	<i>Plant and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Fixtures &amp; Fittings £000</i>	<i>Computer Equipment £000</i>	<i>Total £000</i>
Cost:					
At 1 February 2021	218	39	19	27	303
At 31 January 2022	218	39	19	27	303
Depreciation:					
At 1 February 2021	218	39	19	27	303
At 31 January 2022	218	39	19	27	303
Net book value:					
At 31 January 2022	–	–	–	–	–
At 1 February 2021	–	–	–	–	–

Included in the net book value of motor vehicles is £Nil (2021 - £Nil) in respect of assets held under hire purchase contracts. Included in the net book value of plant and equipment is £Nil (2021 - £Nil) in respect of assets held under hire purchase contracts.



## Notes to the financial statements

at 31 January 2022

### 9. Debtors

	2022	2021
	£000	£000
Trade debtors	1,407	1,488
Other debtors	215	–
Prepayments and accrued income	10	9
Amounts due from ultimate parent undertaking	7,337	7,337
Deferred tax asset (note 13)	4	47
	<u>8,973</u>	<u>8,881</u>

### 10. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	1,110	960
Current corporation tax	41	104
Other taxes and social security costs	1	159
Other creditors and accruals	745	406
Amounts owed to group companies	4,443	6,552
	<u>6,340</u>	<u>8,181</u>

### 11. Share capital

	2022	Authorised	Allotted, called up and fully paid	
	2022	2021	2022	2021
	(000)	(000)	£000	£000
Ordinary shares of 10p each	<u>1,626</u>	<u>1,626</u>	<u>148</u>	<u>148</u>

### 12. Reserves

	Share premium	Capital Redemption reserve	Profit and loss account	Total
	£000	£000	£000	£000
<b>At 31 January 2021</b>	190	26	2,156	2,372
Profit for the financial year	–	–	175	175
<b>At 31 January 2022</b>	<u>190</u>	<u>26</u>	<u>2,331</u>	<u>2,547</u>

#### Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### Capital redemption reserve

This reserve records the nominal amount of shares repurchased by the company.

## Notes to the financial statements

at 31 January 2022

### 13. Deferred taxation

	2022	2021
	£000	£000
At beginning of year	47	43
Movement during year	(43)	4
	<u>4</u>	<u>47</u>

	2022	2021
	£000	£000
<i>Deferred tax asset at year represents:</i>		
Decelerated capital allowances	4	5
Other timing differences	-	42
	<u>4</u>	<u>47</u>

### 14. Financial instruments

	2022	2021
	£000	£000
<b>Financial assets measured at amortised cost</b>		
Trade debtors	1,407	1,488
Amounts due from ultimate parent undertaking	7,337	7,337
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	1,110	960

### 15. Financial commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2022	2021
	£000	£000
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>

### 16. Related party transactions

A B Malcolm and W H Malcolm hold interests in Malcolm Properties (Holdings) Ltd. Malcolm Properties (Holdings) Ltd rent one commercial office property to Charles Lawrence Surfaces Ltd. The storage charged in the year to 31 January 2022 was £68,000 (2021 - £85,000). The annual rental is £53,900 and is at normal commercial rates.

### 17. Ultimate parent company

The directors consider The Malcolm Group Limited, registered in Scotland, to be the company's ultimate parent company. This is the only parent company for which group accounts are drawn up and of which the company is a member. Copies of the accounts of The Malcolm Group Limited can be obtained from Companies House.