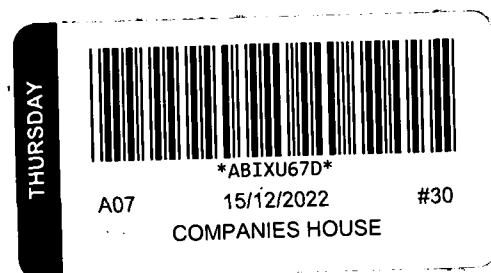


Registration number: 01150237

British Approvals Service for Cables

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 March 2022



British Approvals Service for Cables

Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 to 25

British Approvals Service for Cables

Company Information

Directors

Mr K D Parker
Mr A M Lioveri
Mr J M O'Neill
Mr T D Foreman
Mr D J Gracias
Mr H Omar
Mr T Nash

Registered office

Presley House
Presley Way
Crownhill
Milton Keynes
Buckinghamshire
MK8 0ES

Auditors

Hawsons Chartered Accountants
Statutory Auditor
Jubilee House
32 Duncan Close
Moulton Park
Northampton
NN3 6WL

British Approvals Service for Cables

Strategic Report for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Fair review of the business

The group continues to expand its primary activities of testing (mechanical and electrical, material, chemical, fire, and data transmission testing) and certification within the cable sector, and is well positioned to realise its vision to become the "preferred partner in testing and certification to the worldwide cable industry."

We have BASEC employees and representatives in the UK, Ireland, Turkey, South Africa, India and the United Arab Emirates to provide a high service level business model, creating both end user demand for the BASEC certification brands and also providing an end to end channel certification model, working closely with leading cable manufacturers, with the ultimate goal of continuing to improve the safety and quality of cables entering the markets.

We have continued to invest in extending new sector testing and certification capabilities, in parallel with creating greater organisation resilience by opening a new multi million-pound laboratory in Dubai to extend capacity, move closer to the strategic region in GCC and also to extend testing capability into medium voltage.

The group's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Revenue	£	5,606,349	4,914,325
Revenue growth/(reduction)	%	14	(3)
EBIT	£	1,630,442	1,362,296
EBIT growth	%	20	16
Net assets	£	4,889,793	3,614,005

In all areas of the business, we have made progress to create a resilient business model, and one which can accelerate investment in the group's medium-term strategy.

Principal risks and uncertainties

The global economic backdrop of both COVID and the war in Ukraine has created uncertainties within the cable industry and new project development together with increased costs to the business. The group is managing these uncertainties with the support of its employees and customers. We continue to monitor the unpredictability of both risks and adjust the business model to either a hybrid work approach, greater regionalisation and a mixture of remote and physical auditing at customers sites.

Approved by the Board and signed on its behalf by:



Mr A M Lioveri
Director

12 July 2022

British Approvals Service for Cables

Directors' Report for the Year Ended 31 March 2022

The directors present their report and the audited consolidated financial statements for the year ended 31 March 2022.

Principal activity

The principal activity of the company and the group is that of testing and certification of cables, ancillary products, quality systems, environmental management systems and supporting processes.

Directors of the group

The directors who held office during the year were as follows:

Mr K D Parker

Mr A M Lioveri

Mr J Ballingall - Chairman (resigned 14 March 2022)

Mr J M O'Neill

Mr T D Foreman

Mr D J Gracias

Mr H Omar

Mr T Nash

Strategic report

Some items required under Schedule 7 of the Statutory Instruments 2008 No. 410 are included within the Strategic Report.

Disclosure of information to the auditors


The directors of the company who held office at the date of the approval of this Annual Report as set out above confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

During the year Mercer & Hole resigned as auditors and Hawsons Chartered Accountants were appointed in their place.

Approved by the Board and signed on its behalf by:



Mr A M Lioveri
Director

12 July 2022

British Approvals Service for Cables

Statement of Directors' Responsibilities

The directors are responsible for preparing 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). 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

British Approvals Service for Cables

Independent Auditor's Report to the Members of British Approvals Service for Cables

Opinion

We have audited the financial statements of British Approvals Service for Cables (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 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.

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.

Independent Auditor's Report to the Members of British Approvals Service for Cables

Opinion on other matter 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 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 our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities 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 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.

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:

The company and group are subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the group and the parent company and the environment they operate within, we determined that the laws and regulations which were most significant included FRS 102, Companies Act 2006, Health and Safety regulations, Employment Law, GDPR and the standards required by the UKAS accreditation. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the group or parent company's result for the period, and management bias in key accounting estimates. In addition to this, we have also identified the following principal risk areas:

- Revenue recognition - there are two components to this risk, being revenue completeness and revenue cut-off;
- Going concern - an area that requires enhanced scrutiny in the context of the challenging economic conditions caused by the COVID-19 pandemic;
- Deferred income - the point at which revenue is recorded by the group is often not the same as the invoice date and as such there is a significant deferred income balance included in creditors. Any errors in this calculation could lead to a material misstatement in the accounts.

Audit procedures performed by the engagement team included:

British Approvals Service for Cables

Independent Auditor's Report to the Members of British Approvals Service for Cables

- Discussions with management and those responsible for legal compliance procedures within the group to obtain an understanding of the legal and regulatory framework applicable to the group and how the group complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Board meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to depreciation, the provision for doubtful debts, the bonus provision and the dilapidations provision;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Robustly challenging management's assessment of going concern; and
- We obtained a schedule of deferred income which was tested on a sample basis. Test reports were obtained and used to verify the jobs completed per the company's deferred income breakdown. Jobs in progress were then agreed to the deferred income schedule.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk. 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.



Richard Burkimsher
Senior Statutory Auditor

For and on behalf of Hawsons Chartered Accountants
Statutory Auditor
Jubilee House
32 Duncan Close
Moulton Park
Northampton
NN3 6WL

13 July 2022

British Approvals Service for Cables

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Revenue		5,606,349	4,914,325
Cost of sales		<u>(1,460,530)</u>	<u>(1,317,622)</u>
Gross profit		4,145,819	3,596,703
Administrative expenses		<u>(2,515,377)</u>	<u>(2,234,407)</u>
Operating profit		1,630,442	1,362,296
Other interest receivable and similar income	3	<u>541</u>	<u>2,017</u>
Profit before tax		1,630,983	1,364,313
Taxation	7	<u>(354,058)</u>	<u>(257,176)</u>
Profit for the financial year		<u>1,276,925</u>	<u>1,107,137</u>
Profit attributable to:			
Owners of the company		<u>1,276,925</u>	<u>1,107,137</u>
Foreign currency translation losses		<u>(1,137)</u>	<u>(3,240)</u>
Total comprehensive income for the year		<u>1,275,788</u>	<u>1,103,897</u>
Total comprehensive income attributable to:			
Owners of the company		<u>1,275,788</u>	<u>1,103,897</u>

The above results were derived from continuing operations.

British Approvals Service for Cables

(Registration number: 01150237)

Consolidated Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
Non-Current Assets			
Property, Plant and Equipment	8	1,272,018	799,282
Current assets			
Trade and other receivables	10	1,236,931	481,734
Cash at bank and in hand	11	4,359,201	4,215,588
		5,596,132	4,697,322
Current liabilities	12	(1,538,501)	(1,754,135)
Net current assets		4,057,631	2,943,187
Total assets less current liabilities		5,329,649	3,742,469
Provisions for liabilities	13	(439,856)	(128,464)
Net assets		4,889,793	3,614,005
Equity			
Foreign exchange reserve		(4,377)	(3,240)
Retained earnings		4,894,170	3,617,245
Equity attributable to owners of the company		4,889,793	3,614,005
Total equity		4,889,793	3,614,005

Approved and authorised by the Board and signed on its behalf by:



Mr A M Lioveri
Director

12 July 2022

British Approvals Service for Cables

(Registration number: 01150237)

Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
Non-Current Assets			
Property, Plant and Equipment	8	1,272,018	799,282
Investments	9	<u>3,087</u>	<u>3,086</u>
		<u>1,275,105</u>	<u>802,368</u>
Current assets			
Trade and other receivables	10	1,173,848	469,394
Cash at bank and in hand	11	<u>4,344,044</u>	<u>4,210,719</u>
		5,517,892	4,680,113
Current liabilities	12	<u>(1,483,161)</u>	<u>(1,755,902)</u>
Net current assets		<u>4,034,731</u>	<u>2,924,211</u>
Total assets less current liabilities		5,309,836	3,726,579
Provisions for liabilities	13	<u>(439,856)</u>	<u>(128,464)</u>
Net assets		<u>4,869,980</u>	<u>3,598,115</u>
Equity			
Retained earnings		<u>4,869,980</u>	<u>3,598,115</u>
Total equity		<u>4,869,980</u>	<u>3,598,115</u>

The company made a profit after tax for the financial year of £1,271,865 (2021 - profit of £1,082,683).

Approved and authorised by the Board and signed on its behalf by:



Mr A M Lioveri

Director

12 July 2022

British Approvals Service for Cables

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022

	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 April 2021	(3,240)	3,617,245	3,614,005
Total comprehensive income	<u>(1,137)</u>	<u>1,276,925</u>	<u>1,275,788</u>
At 31 March 2022	<u><u>(4,377)</u></u>	<u><u>4,894,170</u></u>	<u><u>4,889,793</u></u>

	Foreign exchange reserve £	Retained earnings £	Total equity £
At 1 April 2020	-	2,510,108	2,510,108
Total comprehensive income	<u>(3,240)</u>	<u>1,107,137</u>	<u>1,103,897</u>
At 31 March 2021	<u><u>(3,240)</u></u>	<u><u>3,617,245</u></u>	<u><u>3,614,005</u></u>

British Approvals Service for Cables

Statement of Changes in Equity for the Year Ended 31 March 2022

	Retained earnings £
At 1 April 2021	3,598,115
Total comprehensive income	<u>1,271,865</u>
At 31 March 2022	<u><u>4,869,980</u></u>
	Retained earnings £
At 1 April 2020	2,515,432
Total comprehensive income	<u>1,082,683</u>
At 31 March 2021	<u><u>3,598,115</u></u>

British Approvals Service for Cables

Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		1,276,925	1,107,137
Adjustments to cash flows from non-cash items			
Depreciation	2	141,933	113,258
Loss on disposal of property plant and equipment	2	297	-
Finance income	3	(541)	(2,017)
Income tax expense	7	354,058	257,176
		<u>1,772,672</u>	<u>1,475,554</u>
Working capital adjustments			
Increase in trade and other receivables	10	(88,494)	(186,637)
(Decrease)/increase in trade and other payables	12	(70,331)	79,787
		<u>1,613,847</u>	<u>1,368,704</u>
Cash generated from operations		1,613,847	1,368,704
Income taxes paid	7	(229,189)	(202,213)
Net cash flow from operating activities		<u>1,384,658</u>	<u>1,166,491</u>
Cash flows from investing activities			
Interest received	3	541	2,017
Acquisitions of property plant and equipment	8	(621,207)	(223,717)
Deposits paid for property plant and equipment	16	(624,187)	-
Proceeds from sale of property plant and equipment	8	6,239	-
		<u>(1,238,614)</u>	<u>(221,700)</u>
Net cash flows used in investing activities		(1,238,614)	(221,700)
Net increase in cash and cash equivalents		146,044	944,791
Cash and cash equivalents at 1 April	11	4,215,588	3,272,528
Effect of exchange rate fluctuations on cash held		(2,431)	(1,731)
Cash and cash equivalents at 31 March	11	<u>4,359,201</u>	<u>4,215,588</u>

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

British Approvals Service for Cables is a company limited by guarantee incorporated in England within the United Kingdom. The address of the registered office is given in the company information on page 1 of these financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for any items that have been disclosed as being recorded at fair value. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

Summary of disclosure exemptions

The company has taken exemption from presenting its unconsolidated profit and loss account under section 408 of the Companies Act 2006.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the directors have considered the ongoing impact of COVID-19 on the business. The directors expect the company to at least cover its costs over this period and, with the benefit of significant cash reserves at the start of the year, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2022

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2022.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Revenue

Turnover represents the total invoice value, excluding value added tax, of fees for certification, approval, testing and licensing where the work has been undertaken during the year. Those amounts which have been invoiced to customers but which relate to work to be undertaken in the future are classified as deferred income and carried forward as creditors falling due within one year.

Government grants

Grants that do not impose specified future performance-related conditions are recognised in income when the grant proceeds are received or receivable. Grants that impose specified future performance-related conditions are recognised in income only when the performance-related conditions are met. Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Notes to the Financial Statements for the Year Ended 31 March 2022

1 Accounting policies (continued)

Deferred tax liabilities are generally recognised for all material timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Depreciation

Depreciation is recognised as an expense to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Asset class	Depreciation method and rate
Leasehold improvements	over lease term of 10 years
Plant and machinery	5-15 years straight line
Fixtures, fittings and equipment	2-5 years straight line

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Notes to the Financial Statements for the Year Ended 31 March 2022

1 Accounting policies (continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Defined contribution pension obligation

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

Research and development expenditure

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Long term employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

1 Accounting policies (continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 11 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

2 Operating profit

Arrived at after charging

	2022	2021
	£	£
Depreciation expense	141,933	113,258
Operating lease expense - property	236,128	120,000
Operating lease expense - plant and machinery	7,076	16,065
Loss on disposal of property, plant and equipment	297	-

3 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	541	2,017

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

4 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	1,975,659	1,869,009
Social security costs	165,072	160,393
Pension costs, defined contribution scheme	125,859	173,799
Other employee expense	29,751	16,801
	<u>2,296,341</u>	<u>2,220,002</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Certification and audit	5	5
Technical	9	10
Laboratory	25	24
Commercial and marketing	13	12
Corporate	5	4
	<u>57</u>	<u>55</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	<u>288,342</u>	<u>255,959</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	<u>259,437</u>	<u>224,429</u>

6 Auditors' remuneration

	2022 £	2021 £
Audit of these financial statements	<u>11,000</u>	<u>7,450</u>

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

7 Taxation

Tax charged in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	42,666	229,189
Deferred taxation		
Arising from origination and reversal of timing differences	311,392	27,987
Tax expense in the income statement	<u>354,058</u>	<u>257,176</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>1,630,983</u>	<u>1,364,313</u>
Corporation tax at standard rate	309,887	259,219
Effect of expense not deductible in determining taxable profit	3,584	1,820
Effect of foreign tax rates	(961)	(4,646)
UK deferred tax expense	311,392	27,987
Tax decrease from effect of capital allowances and depreciation	<u>(269,844)</u>	<u>(27,204)</u>
Total tax charge	<u>354,058</u>	<u>257,176</u>

Deferred tax

Group

Deferred tax assets and liabilities

2022	Liability £
Accelerated tax depreciation	<u>439,856</u>

2021	Liability £
Accelerated tax depreciation	<u>128,464</u>

Company

Deferred tax assets and liabilities

2022	Liability £
Accelerated tax depreciation	<u>439,856</u>

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

7 Taxation (continued)

	Liability £
2021	
Accelerated tax depreciation	<u>128,464</u>

8 Property, Plant and Equipment

Group

	Leasehold improvements £	Plant, machinery and other equipment £	Total £
Cost or valuation			
At 1 April 2021	141,205	1,872,367	2,013,572
Additions	144,805	476,402	621,207
Disposals	-	(364,198)	(364,198)
At 31 March 2022	<u>286,010</u>	<u>1,984,571</u>	<u>2,270,581</u>
Depreciation			
At 1 April 2021	125,252	1,089,038	1,214,290
Charge for the year	11,042	130,891	141,933
Eliminated on disposal	-	(357,660)	(357,660)
At 31 March 2022	<u>136,294</u>	<u>862,269</u>	<u>998,563</u>
Carrying amount			
At 31 March 2022	<u>149,716</u>	<u>1,122,302</u>	<u>1,272,018</u>
At 31 March 2021	<u>15,953</u>	<u>783,329</u>	<u>799,282</u>

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

8 Property, Plant and Equipment (continued)

Company

	Leasehold improvements £	Plant, machinery and other equipment £	Total £
Cost or valuation			
At 1 April 2021	141,205	1,872,367	2,013,572
Additions	144,805	476,402	621,207
Disposals	-	(364,198)	(364,198)
At 31 March 2022	286,010	1,984,571	2,270,581
Depreciation			
At 1 April 2021	125,252	1,089,038	1,214,290
Charge for the year	11,042	130,891	141,933
Eliminated on disposal	-	(357,660)	(357,660)
At 31 March 2022	136,294	862,269	998,563
Carrying amount			
At 31 March 2022	149,716	1,122,302	1,272,018
At 31 March 2021	15,953	783,329	799,282

9 Investments

Company

	2022 £	2021 £
Investments in subsidiaries	3,087	3,086
Subsidiaries		£
Cost or valuation		
At 1 April 2021		3,086
Additions		1
At 31 March 2022		3,087
Provision		
Carrying amount		
At 31 March 2022		3,087
At 31 March 2021		3,086

A new subsidiary, BASEC Group Limited, was incorporated on 2 March 2022.

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

9 Investments (continued)

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
BASEC Private Limited	India	Ordinary	100%	100%
BASEC Turkey	Turkey	Ordinary	100%	100%
BASEC Conformity Limited	Republic of Ireland	Ordinary	100%	100%
BASEC Group Limited	United Kingdom	Ordinary	100%	0%

The principal activity of BASEC Private Limited is that of testing and certification of cables, ancillary products, quality systems, environmental management systems and supporting processes.

The principal activity of BASEC Turkey is that of testing and certification of cables, ancillary products, quality systems, environmental management systems and supporting processes.

The principal activity of BASEC Conformity Limited is that of testing and certification of cables, ancillary products, quality systems, environmental management systems and supporting processes.

The principal activity of BASEC Group Limited is that of a dormant company.

The profit for the financial period of BASEC Private Limited was £7,911 and the aggregate amount of capital and reserves at the end of the period was £13,440.

The profit for the financial period of BASEC Turkey was £1,033 and the aggregate amount of capital and reserves at the end of the period was £2,409.

The loss for the financial period of BASEC Conformity Limited was £3,884 and the aggregate amount of capital and reserves at the end of the period was £6,309.

The profit for the financial period of BASEC Group Limited was £- and the aggregate amount of capital and reserves at the end of the period was £1.

10 Receivables

	Note	2022	Group	2022	Company
		£	2021	£	2021
			£		£
Trade receivables		317,289	301,650	268,061	295,734
Amounts owed by related parties	17	-	-	370	-
Other receivables		48,923	11,615	43,444	10,965
Prepayments		870,719	168,469	861,973	162,695
Total current trade and other receivables		<u>1,236,931</u>	<u>481,734</u>	<u>1,173,848</u>	<u>469,394</u>

11 Cash and cash equivalents

	2022	Group	2022	Company
	£	2021	£	2021
		£		£
Cash at bank	<u>4,359,201</u>	<u>4,215,588</u>	<u>4,344,044</u>	<u>4,210,719</u>

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

12 Creditors

	Note	2022 £	Group 2021 £	2022 £	Company 2021 £
Due within one year					
Trade payables		122,464	101,195	120,638	93,756
Amounts due to related parties	17	-	-	18,044	52,227
Social security and other taxes		37,645	42,672	37,645	39,577
Other payables		8,719	9,297	1	-
Accrued expenses		1,327,007	1,371,782	1,264,167	1,341,153
Income tax liability	7	42,666	229,189	42,666	229,189
		<u>1,538,501</u>	<u>1,754,135</u>	<u>1,483,161</u>	<u>1,755,902</u>

13 Deferred tax and other provisions

Group

	Deferred tax £
At 1 April 2021	128,464
Increase in existing provisions	<u>311,392</u>
At 31 March 2022	<u>439,856</u>

Company

	Deferred tax £
At 1 April 2021	128,464
Increase in existing provisions	<u>311,392</u>
At 31 March 2022	<u>439,856</u>

14 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £125,859 (2021 - £173,799).

Contributions totalling £nil (2021- £nil) were payable to the scheme at the end of the year.

British Approvals Service for Cables

Notes to the Financial Statements for the Year Ended 31 March 2022

15 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	292,773	60,162
Later than one year and not later than five years	627,846	-
Later than five years	50,908	-
	<u>971,527</u>	<u>60,162</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £243,208 (2021 - £136,065).

16 Commitments

Group

Capital commitments

During the year the group paid advanced deposits of £624,187 in respect of the purchase of laboratory equipment. These assets have not yet been brought into use.

The total amount contracted for but not provided in the financial statements was £379,890 (2021 - £Nil).

17 Related party transactions

The company has taken advantage of the exemption available under FRS 102 from disclosing transactions with other members of the group.

18 Control

The company is limited by guarantee and at 31 March 2022 had 3 members who each had undertaken to contribute, if necessary, to the assets of the company in the event of it being wound up whilst a member, or within one year of ceasing to be a member, up to an amount not exceeding £1.