

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 September 2021
for
Ashe Controls Limited

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for the Year Ended 30 September 2021

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Ashe Controls Limited
Company Information
for the Year Ended 30 September 2021

DIRECTORS:

J B Godbold
J O M Godbold
M O Godbold
S J Godbold
Mrs B M Godbold

SECRETARY:

Mrs B M Godbold

REGISTERED OFFICE:

St Johns Works
Bluestem Road
Ransomes Europark
Ipswich
Suffolk
IP3 9RR

REGISTERED NUMBER:

01154966 (England and Wales)

AUDITORS:

Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

Strategic Report
for the Year Ended 30 September 2021

The directors present their strategic report for the year ended 30 September 2021.

REVIEW OF BUSINESS

The covid pandemic took its toll on our staff, as well as on our suppliers, but praise must be given to our staff who coped well in the pandemic with the wearing of masks, keeping socially distanced and staying away from crowded areas etc. Although we did have sickness, and we did have people to down with Covid, our output was maintained and improved slightly.

Profitability could be seen to be slightly higher. Mainly down to us not exhibiting at the major Trade shows, as the bulk of these were cancelled. Hopefully this will not have too much impact on our sales for the upcoming year.

It became apparent during the latter part of the year, that there was also a major concern around the supply of electronic components, and although we have not seen it in this financial year, we know it is coming. The electronic components effect our plcs, screens, drives, I/O units and our safety devices etc. This is mainly down to most of the western countries having the bulk of their electronics made in China, and there is no short-term fix on this.

Our sales seem to remain buoyant for the upcoming year, and the Directors have every confidence that 2021/2022 will again be a success, as our forward order book looks really good, with some of our larger existing customers coming back and placing orders for new standard and specialised equipment. Which is a good sign for the future, as confidence is growing in the marketplace in the Ashe name.

The investment in the new CNC machine we made and took delivery of during this year, is starting to pay dividends, as it is turning out volume product that we have on our differential chuck systems for many of our machines, quickly and accurately, and we need to put in more training with our staff on this machine, to improve other areas where we could benefit from the high productivity of this machine.

During the latter part of this year, we were lucky enough to start discussions on moving into the Indian market in a big way, as a sales professional has become available that we know, and has a good reputation, and we hope to be able to take him on during the next financial year.

ON BEHALF OF THE BOARD:

J O M Godbold - Director

9 June 2022

Report of the Directors
for the Year Ended 30 September 2021

The directors present their report with the financial statements of the company for the year ended 30 September 2021.

PRINCIPAL ACTIVITY

The principal activities of the company during the year were the design, development, manufacture and distribution of electronic control equipment and automated slitting and rewind machines.

DIVIDENDS

An interim dividend of £875 per share was paid on 6 April 2021. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30 September 2021 will be £ 1,400,000 .

RESEARCH AND DEVELOPMENT

The company engages in research and development activities to support its principal activities.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2020 to the date of this report.

J B Godbold
J O M Godbold
M O Godbold
S J Godbold
Mrs B M Godbold

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Report of the Directors
for the Year Ended 30 September 2021

AUDITORS

The auditors, Knights Lowe Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J O M Godbold - Director

9 June 2022

Report of the Independent Auditors to the Members of
Ashe Controls Limited

Opinion

We have audited the financial statements of Ashe Controls Limited (the 'company') for the year ended 30 September 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 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 Auditors' 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 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Ashe Controls Limited

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 the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page three, 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 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.

Report of the Independent Auditors to the Members of
Ashe Controls Limited

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the companies operating sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation ;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC and the company's legal advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
Ashe Controls Limited

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 a Report of the Auditors 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.

J Knights ACA (Senior Statutory Auditor)
for and on behalf of Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

15 June 2022

Income Statement
for the Year Ended 30 September 2021

	Notes	2021 £	£	2020 £	£
TURNOVER			7,217,565		6,688,654
Cost of sales			3,135,174		3,037,566
GROSS PROFIT			4,082,391		3,651,088
Distribution costs		475,192		544,160	
Administrative expenses		1,856,655		1,880,750	
			2,331,847		2,424,910
			1,750,544		1,226,178
Other operating income			1,725		-
OPERATING PROFIT	4		1,752,269		1,226,178
Interest receivable and similar income			1,334		16,557
			1,753,603		1,242,735
Interest payable and similar expenses	5		13,030		9,042
PROFIT BEFORE TAXATION			1,740,573		1,233,693
Tax on profit	6		260,123		168,595
PROFIT FOR THE FINANCIAL YEAR			1,480,450		1,065,098

The notes form part of these financial statements

Ashe Controls Limited (Registered number: 01154966)

Other Comprehensive Income
for the Year Ended 30 September 2021

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		1,480,450	1,065,098
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,480,450</u>	<u>1,065,098</u>

The notes form part of these financial statements

Balance Sheet
30 September 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	8		831,264		936,695
Investments	9		<u>2</u>		<u>2</u>
			831,266		936,697
CURRENT ASSETS					
Stocks	10	730,132		552,243	
Debtors	11	1,583,400		1,879,271	
Cash at bank		<u>6,047,788</u>		<u>4,493,991</u>	
		8,361,320		6,925,505	
CREDITORS					
Amounts falling due within one year	12	<u>4,260,645</u>		<u>3,085,687</u>	
NET CURRENT ASSETS			<u>4,100,675</u>		<u>3,839,818</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,931,941</u>		<u>4,776,515</u>
CREDITORS					
Amounts falling due after more than one year	13		(60,892)		-
PROVISIONS FOR LIABILITIES	15		<u>(73,804)</u>		<u>(59,720)</u>
NET ASSETS			<u>4,797,245</u>		<u>4,716,795</u>
CAPITAL AND RESERVES					
Called up share capital	16		4,000		4,000
Capital redemption reserve	17		4,000		4,000
Retained earnings	17		<u>4,789,245</u>		<u>4,708,795</u>
SHAREHOLDERS' FUNDS			<u>4,797,245</u>		<u>4,716,795</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9 June 2022 and were signed on its behalf by:

J O M Godbold - Director

Statement of Changes in Equity
for the Year Ended 30 September 2021

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 October 2019	4,000	4,443,697	4,000	4,451,697
Changes in equity				
Dividends	-	(800,000)	-	(800,000)
Total comprehensive income	-	1,065,098	-	1,065,098
Balance at 30 September 2020	4,000	4,708,795	4,000	4,716,795
Changes in equity				
Dividends	-	(1,400,000)	-	(1,400,000)
Total comprehensive income	-	1,480,450	-	1,480,450
Balance at 30 September 2021	4,000	4,789,245	4,000	4,797,245

The notes form part of these financial statements

Cash Flow Statement
for the Year Ended 30 September 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	2,494,300	1,710,192
Interest paid		(11,147)	(8,315)
Interest element of hire purchase payments paid		(1,883)	(727)
Tax paid		(187,715)	(155,446)
Government grant		1,725	-
Net cash from operating activities		<u>2,295,280</u>	<u>1,545,704</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(27,692)	(160,701)
Sale of tangible fixed assets		-	5,715
Interest received		1,334	16,557
Net cash from investing activities		<u>(26,358)</u>	<u>(138,429)</u>
Cash flows from financing activities			
Capital repayments in year		86,004	(20,971)
Amount introduced by directors		598,871	281,084
Equity dividends paid		(1,400,000)	(800,000)
Net cash from financing activities		<u>(715,125)</u>	<u>(539,887)</u>
Increase in cash and cash equivalents		<u>1,553,797</u>	<u>867,388</u>
Cash and cash equivalents at beginning of year	2	<u>4,493,991</u>	<u>3,626,603</u>
Cash and cash equivalents at end of year	2	<u>6,047,788</u>	<u>4,493,991</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 30 September 2021**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021 £	2020 £
Profit before taxation	1,740,573	1,233,693
Depreciation charges	131,645	123,423
Loss/(profit) on disposal of fixed assets	1,478	(45)
Government grants	(1,725)	-
Finance costs	13,030	9,042
Finance income	(1,334)	(16,557)
	<u>1,883,667</u>	<u>1,349,556</u>
Increase in stocks	(177,889)	(29,240)
Decrease/(increase) in trade and other debtors	295,871	(330,960)
Increase in trade and other creditors	492,651	720,836
Cash generated from operations	<u><u>2,494,300</u></u>	<u><u>1,710,192</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2021

	30.9.21 £	1.10.20 £
Cash and cash equivalents	<u>6,047,788</u>	<u>4,493,991</u>

Year ended 30 September 2020

	30.9.20 £	1.10.19 £
Cash and cash equivalents	<u>4,493,991</u>	<u>3,626,603</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.10.20 £	Cash flow £	At 30.9.21 £
Net cash			
Cash at bank	<u>4,493,991</u>	<u>1,553,797</u>	<u>6,047,788</u>
	<u>4,493,991</u>	<u>1,553,797</u>	<u>6,047,788</u>
Debt			
Finance leases	(6,454)	(86,004)	(92,458)
	<u>(6,454)</u>	<u>(86,004)</u>	<u>(92,458)</u>
Total	<u><u>4,487,537</u></u>	<u><u>1,467,793</u></u>	<u><u>5,955,330</u></u>

Notes to the Financial Statements
for the Year Ended 30 September 2021

1. STATUTORY INFORMATION

Ashe Controls Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

COVID-19

The effects of the global COVID-19 pandemic have been carefully considered when preparing these financial statements. These financial statements continue to be prepared on a going concern basis as the directors are confident that the company is in a strong financial position and can continue to trade within the current climate going forward.

Preparation of consolidated financial statements

The financial statements contain information about Ashe Controls Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 402/405 of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tangible fixed assets

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

Land and buildings Freehold	2% on cost (buildings only)
Plant and machinery	20% to 33% reducing balance
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

2. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating to either revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Machines are built to order however during the build phase the realisable value is considered to be uncertain by the directors due to the bespoke nature of the machines. Machines are built to high specification and therefore until final acceptance by customer the increase in stock value for the direct labour and allocated overheads is not considered to be realised and therefore is not included in the cost of stock. For this reason, until customer acceptance, machines are only valued at materials value as, until accepted by the customer, the materials value is considered to be the most realisable value of the unit. The total cost of the machine build is recognised once the machine is accepted by the customer. The directors consider this to be a prudent approach and an effective ongoing impairment of stock to ensure that the value of stock held in the balance sheet is never in excess of their minimum realisable value.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

2. ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans from banks or other related parties.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Impairment

At each reporting date, goodwill and other fixed assets, including tangible fixed assets and investments but excluding investment properties, are assessed to determine whether there is an indication that the carrying amount of an asset may be more than its recoverable amount and that the asset should be impaired. If there is an indication of possible impairment, the recoverable amount of an asset, which is the higher of its value in use and its net realisable value, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the income statement.

3. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	2,188,673	2,110,929
Social security costs	142,725	141,678
Other pension costs	43,097	116,497
	<u>2,374,495</u>	<u>2,369,104</u>

The average number of employees during the year was as follows:

	2021	2020
Directors	5	5
Employees	<u>57</u>	<u>56</u>
	<u>62</u>	<u>61</u>

	2021	2020
	£	£
Directors' remuneration	<u>239,966</u>	<u>226,465</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

3. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	<u>73,401</u>	<u>72,215</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Hire of plant & equipment	3,142	801
Depreciation - owned assets	96,575	109,227
Depreciation - assets on hire purchase contracts	35,070	14,196
Loss/(profit) on disposal of fixed assets	1,478	(45)
Auditors' remuneration	6,000	6,000
Foreign exchange differences	<u>(65,105)</u>	<u>(93,566)</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank charges	11,147	8,315
Hire purchase interest	1,883	727
	<u>13,030</u>	<u>9,042</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	246,039	187,715
Deferred tax	14,084	(19,120)
Tax on profit	<u>260,123</u>	<u>168,595</u>

UK corporation tax has been charged at 19% .

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before tax	<u>1,740,573</u>	<u>1,233,693</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	330,709	234,402
Effects of:		
Expenses not deductible for tax purposes	278	1,048
Capital allowances in excess of depreciation	(14,772)	-
Depreciation in excess of capital allowances	-	20,009
Deferred Tax Adjustment	14,084	(19,120)
Enhanced R&D tax relief	(70,176)	(67,744)
Total tax charge	<u>260,123</u>	<u>168,595</u>

7. DIVIDENDS

	2021 £	2020 £
Ordinary Share Capital shares of £1 each		
Interim	<u>1,400,000</u>	<u>800,000</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

8. **TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 October 2020	394,320	1,355,542	79,982	361,345	2,191,189
Additions	-	27,692	-	-	27,692
Disposals	-	-	-	(26,250)	(26,250)
At 30 September 2021	<u>394,320</u>	<u>1,383,234</u>	<u>79,982</u>	<u>335,095</u>	<u>2,192,631</u>
DEPRECIATION					
At 1 October 2020	66,668	839,771	64,704	283,351	1,254,494
Charge for year	4,762	104,403	2,981	19,499	131,645
Eliminated on disposal	-	-	-	(24,772)	(24,772)
At 30 September 2021	<u>71,430</u>	<u>944,174</u>	<u>67,685</u>	<u>278,078</u>	<u>1,361,367</u>
NET BOOK VALUE					
At 30 September 2021	<u>322,890</u>	<u>439,060</u>	<u>12,297</u>	<u>57,017</u>	<u>831,264</u>
At 30 September 2020	<u>327,652</u>	<u>515,771</u>	<u>15,278</u>	<u>77,994</u>	<u>936,695</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 October 2020	-	21,833	21,833
Transfer to ownership	-	(21,833)	(21,833)
Reclassification/transfer	160,000	-	160,000
At 30 September 2021	<u>160,000</u>	<u>-</u>	<u>160,000</u>
DEPRECIATION			
At 1 October 2020	-	9,552	9,552
Charge for year	32,000	3,070	35,070
Transfer to ownership	-	(12,622)	(12,622)
At 30 September 2021	<u>32,000</u>	<u>-</u>	<u>32,000</u>
NET BOOK VALUE			
At 30 September 2021	<u>128,000</u>	<u>-</u>	<u>128,000</u>
At 30 September 2020	<u>-</u>	<u>12,281</u>	<u>12,281</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 October 2020 and 30 September 2021	<u>2</u>
NET BOOK VALUE	
At 30 September 2021	<u>2</u>
At 30 September 2020	<u>2</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Ashe Controls (Northern) Limited

Registered office: St Johns Works Bluestem Road, Ransome Industrial Estate, Ipswich, Suffolk, United Kingdom, IP3 9RR

Nature of business: Dormant

	% holding	2021 £	2020 £
Class of shares:			
Ordinary	66.00		
Aggregate capital and reserves		<u>3</u>	<u>3</u>

This subsidiary is not consolidated in these financial statements as it is excluded from consolidation under Section 405 of the Companies Act 2006.

10. STOCKS

	2021 £	2020 £
Stocks	126,132	108,443
Work-in-progress	<u>604,000</u>	<u>443,800</u>
	<u>730,132</u>	<u>552,243</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	1,450,979	1,714,864
Other debtors	7,050	8,850
VAT	39,547	74,212
Prepayments	<u>85,824</u>	<u>81,345</u>
	<u>1,583,400</u>	<u>1,879,271</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Hire purchase contracts (see note 14)	31,566	6,454
Trade creditors	533,578	552,073
Corporation tax	246,100	187,776
Social security and other taxes	61,245	59,637
Other creditors	1,779,263	1,272,211
Directors' loan accounts	1,488,606	889,735
Accruals	120,287	117,801
	<u>4,260,645</u>	<u>3,085,687</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Hire purchase contracts (see note 14)	<u>60,892</u>	<u>-</u>

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	31,566	6,454
Between one and five years	60,892	-
	<u>92,458</u>	<u>6,454</u>

Non-cancellable operating leases

	2021	2020
	£	£
Within one year	19,603	16,517
Between one and five years	37,988	35,579
	<u>57,591</u>	<u>52,096</u>

15. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax		
Accelerated capital allowances	<u>73,804</u>	<u>59,720</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

15. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 October 2020	59,720
Provided during year	<u>14,084</u>
Balance at 30 September 2021	<u>73,804</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2021	2020
Number:	Class:	value:	£	£
4,000	Ordinary Share Capital	£1	<u>4,000</u>	<u>4,000</u>

17. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 October 2020	4,708,795	4,000	4,712,795
Profit for the year	1,480,450		1,480,450
Dividends	<u>(1,400,000)</u>		<u>(1,400,000)</u>
At 30 September 2021	<u>4,789,245</u>	<u>4,000</u>	<u>4,793,245</u>

18. RELATED PARTY DISCLOSURES

Entities under common control

	2021 £	2020 £
Sales	5,733	-
Purchases	359,472	402,446
Amount due from related party	5,733	-
Amount due to related party	<u>37,575</u>	<u>37,775</u>

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