

COMPANY REGISTRATION NUMBER 02763007

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	M K Jenkins J M Peel A J Gilligan
Secretary	J M Peel
Company number	02763007
Registered office	Magna 34, Unit 2 & 3 Temple Close Rotherham South Yorkshire S60 1FH
Auditor	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF
Business address	Magna 34, Unit 2 & 3 Temple Close Rotherham South Yorkshire S60 1FH
Bankers	The Royal Bank of Scotland 5 Church Street Sheffield S1 1HF Co-operative Bank plc PO Box 250 Skelmersdale WN8 6WT

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

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MAGNETIC SYSTEMS TECHNOLOGY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Review of the business

Trading through 2022 saw the business managing to increase output and production due to buoyant customer demand.

The continued investment in technology, people and processes meant that output peaked in November with a record output, which was appropriate for the 30th birthday of the business.

The Company continues to make significant investment in R&D for current and future products, industrialization, increasing output and rapid growth.

This is allowing the Company to grow and expand to meet the increasing requirements of its customers in all sectors. In 2022 the total spend on R&D was £6,026,734 compared to £6,207,795 in 2021 and this represented 26% of turnover which has reduced from 57% in 2021.

Following the invasion of Russia into Ukraine there was a continuous escalating price pressure and inflation across all areas. Magtec had secured its own long term energy prices in 2021 but there were significant increases in the prices of components and parts as suppliers added surcharges and energy price rises without warning and despite purchase prices having previously been agreed. This led to a decrease in the gross margin of products (48.3% in 2021 down to 36.8% in 2022) and put pressure on the overall profitability of the business. The business mitigated some of this by bringing back the manufacturing of some components into our machining department, which has been a productive area of the business.

The increase in turnover meant an increase in gross profit from £5,245,725 in 2021 to £8,455,790 in 2022. Greater efficiencies allowed staff costs to reduce from 45.2% of turnover in 2021 (£4,911,519) to 27.4% in 2022 (£6,302,320).

The underlying trading performance of Magtec was profitable with a significant turn around in the EBITDA from -£673,564 in 2021 to £874,398 in 2022.

The Company continues to take Health and Safety seriously and we now have a dedicated HSE Coordinator. This has allowed an increase in focus on HSE across the organization during the year with better inductions and a focus on training and leading safety indicators. There are still improvements to be made and the business will focus on a continuous improvement across all areas.

Future developments

Demand for the Company's products remains strong. Continued investment in R&D activities and manufacturing capacity will be required to ensure that the Company can meet its customers' expectations in quality, cost and volume. We expect that whilst the investment in R&D activities will continue to be significant it should continue to reduce as a % of turnover.

2023 sees the business move into new markets and product developments as the electric vehicle market matures and customers determine what they require and opportunities to expand are developed.

In some markets however customer demand is being constrained by the long lead time to get electric charging infrastructure implemented. Delays in government policies to roll out clean air zones is also slowing down growth in some sectors as Euro 6 large diesel vehicles are still exempt. Council budgets, in a time of a cost-of-living crises is being targeted to other budgets rather than a focus on zero emissions and clean air.

Government Innovation grants continue to be utilized to enable fast growth in key areas towards the goal of more industrialization to allow production in greater volumes.

Supply chain issues continue to have an impact on the Company and price increases on core components put significant pressure on the gross margin.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The most significant risks to the Company's profitability are:

- Government policy delaying the uptake of electric commercial vehicles
- Repowered vehicles not being included in Government incentives for zero emission vehicles
- Lack of charging infrastructure and slow roll out by the DNO's
- Increasing legislative requirements for repowered vehicles
- Cost inflation, especially energy (once fixed contract ends mid 2024) and raw materials

In response to these risks the Company uses various financial instruments including cash, loans, invoice financing arrangement, finance lease agreements and items such as trade debtors and trade creditors that arise directly from its operations, the main purpose of which is to ensure liquidity for the Company's activities. Invoice financing and new finance lease agreements on existing assets were secured after the year end.

All of these transactions in financial instruments relate to underlying business operations and no activities of a speculative nature are made.

The main risks arising from the Company's financial instruments are currency risk, interest rate risk, liquidity risk and credit risk. The directors review, agree and maintain policies for managing these risks and they are summarized below.

Interest Rate Risk

The Company has a number of finance leases for fixed assets which have known interest rates at inception. The increase in the Bank of England base rate will have an impact on future borrowings and existing loans pegged to it.

Liquidity Risk

The Company manages its financial risk by ensuring that there is enough liquidity available to meet its short- and long-term requirements.

Currency risk

The Company's trade is almost exclusively conducted in sterling. A limited amount of raw material is purchased in euros and US dollars and an alternative UK source is usually available.

Financial key performance indicators

We consider our key performance to be measured by both turnover and operating profit, details of which can be found in the financial statements.

On behalf of the board

M K Jenkins
Director

20 July 2023

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The company's principal activity during the year was the design and manufacture of electric drive systems and related software and complete electric and hybrid vehicles.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £4,796. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M K Jenkins

J M Peel

A J Gilligan

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M K Jenkins

Director

20 July 2023

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNETIC SYSTEMS TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of Magnetic Systems Technology Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNETIC SYSTEMS TECHNOLOGY LIMITED CONTINUED

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNETIC SYSTEMS TECHNOLOGY LIMITED CONTINUED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MAGNETIC SYSTEMS TECHNOLOGY LIMITED CONTINUED**

- Enquiry of management, those charged with governance around actual and potential litigation and claims.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available 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.

Andrew Hulse (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

20 July 2023

Chartered Accountants
Statutory Auditor

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	22,955,835	10,862,627
Cost of sales		(14,500,045)	(5,616,902)
Gross profit		8,455,790	5,245,725
Administrative expenses		(9,276,890)	(7,955,036)
Other operating income		1,265,122	1,752,600
Operating profit/(loss)	4	444,022	(956,711)
Interest receivable and similar income	7	-	26
Interest payable and similar expenses	8	(138,255)	(66,440)
Exceptional items:			
- Amount written off investment		(174,014)	-
Profit/(loss) before taxation		131,753	(1,023,125)
Tax on profit/(loss)	9	964,279	1,239,913
Profit for the financial year		1,096,032	216,788

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11		2,630,322		2,519,706
Tangible assets	12		1,255,547		874,684
Investments	13		-		174,014
			<u>3,885,869</u>		<u>3,568,404</u>
Current assets					
Stocks	14	3,233,059		2,664,595	
Debtors	15	7,543,413		4,994,169	
Cash at bank and in hand		153,933		762,285	
			<u>10,930,405</u>		<u>8,421,049</u>
Creditors: amounts falling due within one year	16	(9,852,587)		(7,540,717)	
Net current assets			<u>1,077,818</u>		<u>880,332</u>
Total assets less current liabilities			4,963,687		4,448,736
Creditors: amounts falling due after more than one year	17		(889,916)		(1,461,984)
Government grants	20		(23,143)		(27,360)
Net assets			<u>4,050,628</u>		<u>2,959,392</u>
Capital and reserves					
Called up share capital	21		1,099		1,099
Share premium account			117,065		117,065
Capital redemption reserve			1,676		1,676
Profit and loss reserves			3,930,788		2,839,552
Total equity			<u>4,050,628</u>		<u>2,959,392</u>

The financial statements were approved by the board of directors and authorised for issue on 20 July 2023 and are signed on its behalf by:

M K Jenkins

Director

Company Registration No. 02763007

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2021		2,775	297,235	-	2,270,019	2,570,029
Year ended 31 December 2021:						
Loss and total comprehensive income for the year		-	-	-	(22,854)	(22,854)
Prior year adjustment (note 26)		-	-	-	569,706	569,706
Total comprehensive income for the year		-	-	-	546,852	546,852
Dividends	10	-	-	-	(14,277)	(14,277)
Redemption of shares		(1,676)	(180,170)	1,676	(179,830)	(360,000)
Balance at 31 December 2021		1,099	117,065	1,676	2,839,552	2,959,392
Year ended 31 December 2022:						
Profit and total comprehensive income for the year		-	-	-	1,096,032	1,096,032
Dividends	10	-	-	-	(4,796)	(4,796)
Balance at 31 December 2022		1,099	117,065	1,676	3,930,788	4,050,628

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24		505,815		48,830
Interest paid			(138,255)		(66,440)
Income taxes refunded			-		1,730,204
Net cash inflow from operating activities			367,560		1,712,594
Investing activities					
Purchase of intangible assets		(153,266)		(307,319)	
Purchase of tangible fixed assets		(299,348)		(540,244)	
Proceeds on disposal of tangible fixed assets		-		14,874	
Interest received		-		26	
Net cash used in investing activities			(452,614)		(832,663)
Financing activities					
Redemption of shares		-		(360,000)	
Proceeds from borrowings		-		360,000	
Repayment of borrowings		(155,786)		(370,318)	
Proceeds of new bank loans		-		73,863	
Repayment of bank loans		(135,000)		(141,363)	
Advances under finance lease obligations		484,241			
Payment of finance leases obligations		(716,753)		(22,876)	
Dividends paid		-		(14,277)	
Net cash used in financing activities			(523,298)		(474,971)
Net (decrease)/increase in cash and cash equivalents			(608,352)		404,960
Cash and cash equivalents at beginning of year			762,285		357,325
Cash and cash equivalents at end of year			153,933		762,285

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Magnetic Systems Technology Limited is a private company limited by shares incorporated in England and Wales. The registered office is Magna 34, Unit 2 & 3, Temple Close, Rotherham, South Yorkshire, S60 1FH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The Directors have prepared forecasts for the Company for the period to 31 December 2024.

The key judgment is turnover, with sales based on existing projects in progress and by reference to specific sales opportunities. Each of those opportunities have been ranked based on the stage in the sales pipeline and an assessment as to the likelihood of the opportunity resulting in an order.

The Directors have also performed a sensitivity analysis of those forecasts. In view of the significant level of sales opportunities, it has been determined that the key sensitivity is regarding a delay in the completion of projects. In particular, the speed at which the charging infrastructure is being built is causing delays.

In this scenario, the Directors are satisfied that they have sufficient finance available to allow the Company to manage their working capital demands. To this extent two new sources of funding were secured after the year end being an invoice discounting facility and asset finance for certain vehicles of which £589,000 has been drawn (with repayment during 2024 when vehicles are sold).

However, in the event that unexpected events result in a need for additional funding, the Directors have identified a further source of finance that could be obtained.

On the basis of the forecasts, the level of sales opportunities, an assessment of the impact of delays and the additional funding secured since the year end, the directors have concluded that the company can continue to meet their debts for the forecast period and accordingly have prepared the financial statements on a going concern basis.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Development Costs	At the balance sheet date the development costs have not been amortised because they were not available for use in generating economic benefit.
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance/33.3% 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.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Fixed asset 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.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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.

1.10 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.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 '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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

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

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Current 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.

Deferred tax

Deferred tax liabilities are generally recognised for all 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.

1.14 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.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.16 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred in the proportion of the grant income receivable in respect of project costs to total project costs.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

The depreciation charges depend on the directors' estimation of the useful economic lives of the company's assets and residual values. The directors have used depreciation rates and methods which they estimate result in depreciation charges which write off the cost less estimated residual value over the useful economic life of the asset.

Deferred income

Due to the nature of the business, often projects undertaken for customers have significant costs. The company therefore often requires stage and milestone payments to be made. The directors estimate the degree of completion of each project to ensure that income is being recognised in the correct period.

Accrued grant income

The company regularly receives grant income. The directors estimate the amount of grant income which should be recognised relating to the ongoing research and development projects based on the work completed and by reference to the terms of the grant.

Intangible fixed assets

The company is currently developing a significant rail project. The costs over the amount being funded are considered and where appropriate capitalised, the Directors believing this project will add significant value to the business based on their understanding of the sector and the level of existing sales enquiries.

Sale of specified vehicles

The Company has been engaged on a project to build and demonstrate vehicles for use by part of the public sector. On completion the Company takes ownership of the vehicles which will then be sold. Whilst not specialist in nature, the actual specification is determined by the contract. In recognising revenue on the contract, a judgement has been made of the sales value. This has been done based on knowledge of sales of similar vehicles and quotes made on sales enquiries for these vehicles.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Product sales	21,300,566	9,211,901
Engineering sales	1,655,269	1,650,726
	<u>22,955,835</u>	<u>10,862,627</u>
	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	20,113,221	7,208,622
Rest of the world	2,842,614	3,654,005
	<u>22,955,835</u>	<u>10,862,627</u>
	2022	2021
	£	£
Other revenue		
Interest income	-	26
Grants received	1,265,122	1,727,600
	<u>1,265,122</u>	<u>1,727,600</u>

4 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	38,401	6,558
Research and development costs	6,026,734	6,207,795
Government grants	(1,265,122)	(1,727,600)
Fees payable to the company's auditor for the audit of the company's financial statements	10,750	14,250
Depreciation of owned tangible fixed assets	285,157	203,574
Depreciation of tangible fixed assets held under finance leases	145,219	79,547
Loss/(profit) on disposal of tangible fixed assets	15,000	(4,518)
Operating lease charges	483,964	239,887
	<u>483,964</u>	<u>239,887</u>

MAGNETIC SYSTEMS TECHNOLOGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Directors	3	3
Administration	5	4
Other	151	124
Total	<u>159</u>	<u>131</u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	5,550,636	4,370,717
Social security costs	566,618	460,129
Pension costs	185,066	80,673
	<u>6,302,320</u>	<u>4,911,519</u>

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	<u>456,709</u>	<u>323,361</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	155,000	130,450
Company pension contributions to defined contribution schemes	<u>12,000</u>	<u>1,318</u>

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	-	26
	<u> </u>	<u> </u>

	2022	2021
	£	£
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	-	26
	<u> </u>	<u> </u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	21,875	11,254
Other interest on financial liabilities	67,230	28,202
	<u> </u>	<u> </u>
	89,105	39,456
Other finance costs:		
Interest on finance leases and hire purchase contracts	28,799	19,418
Other interest	20,351	7,566
	<u> </u>	<u> </u>
	138,255	66,440
	<u> </u>	<u> </u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	(980,995)	(1,239,913)
Adjustments in respect of prior periods	16,716	-
	<u> </u>	<u> </u>
Total current tax	(964,279)	(1,239,913)
	<u> </u>	<u> </u>

Of the charge to current tax in relation to discontinued operations, £0 relates to tax on profits and £0 arose on disposal.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****9 Taxation****(Continued)**

The actual credit for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit/(loss) before taxation	131,753	(1,023,125)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	25,033	(194,394)
Tax effect of expenses that are not deductible in determining taxable profit	16,239	6,051
Permanent capital allowances in excess of depreciation	(88,693)	(608,735)
Research and development tax credit	(966,637)	(442,835)
Effect of revaluations of investments	33,063	-
Under/(over) provided in prior years	16,716	-
Taxation credit for the year	(964,279)	(1,239,913)

10 Dividends

	2022	2021
	£	£
Final paid	4,796	14,277

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets

	Development Costs
	£
Cost	
At 1 January 2022	2,519,706
Additions	153,266
Transfers	(42,650)
	<u>2,630,322</u>
At 31 December 2022	<u>2,630,322</u>
Amortisation and impairment	
At 1 January 2022 and 31 December 2022	-
	<u>-</u>
Carrying amount	
At 31 December 2022	<u>2,630,322</u>
	<u>2,630,322</u>
At 31 December 2021	<u>2,519,706</u>
	<u>2,519,706</u>

12 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2022	1,711,668	793,686	36,787	2,542,141
Additions	275,311	318,593	189,685	783,589
Disposals	(246,365)	(7,295)	-	(253,660)
Transfers	-	-	42,650	42,650
	<u>1,740,614</u>	<u>1,104,984</u>	<u>269,122</u>	<u>3,114,720</u>
At 31 December 2022	<u>1,740,614</u>	<u>1,104,984</u>	<u>269,122</u>	<u>3,114,720</u>
Depreciation and impairment				
At 1 January 2022	1,318,896	336,405	12,156	1,667,457
Depreciation charged in the year	199,927	166,207	64,242	430,376
Eliminated in respect of disposals	(232,651)	(6,009)	-	(238,660)
	<u>1,286,172</u>	<u>496,603</u>	<u>76,398</u>	<u>1,859,173</u>
At 31 December 2022	<u>1,286,172</u>	<u>496,603</u>	<u>76,398</u>	<u>1,859,173</u>
Carrying amount				
At 31 December 2022	<u>454,442</u>	<u>608,381</u>	<u>192,724</u>	<u>1,255,547</u>
	<u>454,442</u>	<u>608,381</u>	<u>192,724</u>	<u>1,255,547</u>
At 31 December 2021	<u>392,772</u>	<u>457,281</u>	<u>24,631</u>	<u>874,684</u>
	<u>392,772</u>	<u>457,281</u>	<u>24,631</u>	<u>874,684</u>

MAGNETIC SYSTEMS TECHNOLOGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****12 Tangible fixed assets****(Continued)**

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022	2021
	£	£
Plant and machinery	300,481	101,595
Fixtures, fittings & equipment	75,689	89,362
Motor vehicles	142,264	-
	<u>518,434</u>	<u>190,957</u>

13 Fixed asset investments

	Notes	2022	2021
		£	£
Investments in associates		-	174,014
		<u>-</u>	<u>174,014</u>

Fixed asset investments not carried at market value

The company holds 15% of the share capital of ACM EV Systems (Changshu) Co Ltd, a company registered in China. The fair value of this share holding has been considered by the directors and is now valued at nil.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Fixed asset investments

(Continued)

Movements in fixed asset investments

	Shares in group undertakings and participating interests
	£
Cost or valuation	
At 1 January 2022 & 31 December 2022	174,014
Impairment	
At 1 January 2022	-
Impairment losses	174,014
At 31 December 2022	174,014
Carrying amount	
At 31 December 2022	-
At 31 December 2021	174,014

14 Stocks

	2022 £	2021 £
Work in progress	1,281,615	389,232
Finished goods and goods for resale	1,951,444	2,275,363
	3,233,059	2,664,595

15 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	2,848,956	1,924,408
Corporation tax recoverable	2,204,192	1,239,913
Other debtors	1,230,627	981,688
Prepayments and accrued income	1,259,638	848,160
	7,543,413	4,994,169

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	18	135,000	117,500
Obligations under finance leases	19	187,642	101,256
Other borrowings	18	525,189	188,245
Trade creditors		4,648,886	2,080,420
Taxation and social security		1,223,849	462,904
Dividends payable		4,796	-
Other creditors		22,740	15,683
Accruals and deferred income		3,104,485	4,574,709
		<u>9,852,587</u>	<u>7,540,717</u>

Creditors: amounts falling due within one year includes £243,651 (2021 - £271,578) which is secured on assets.

Other loans includes a loan provided from the directors of £469,180. This loan is interest free and repayable on demand subject to other bank loans having been repaid in full. Other loans also includes a loan provided by UK Steel Enterprises Limited of £56,010 which was repaid in full after the year end.

17 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	18	337,500	490,000
Obligations under finance leases	19	351,137	185,794
Other borrowings	18	201,279	694,009
Taxation and social security		-	92,181
		<u>889,916</u>	<u>1,461,984</u>

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Creditors: amounts falling due after more than one year

(Continued)

Creditors: amounts falling due after more than one year includes £351,137 (2021 - £230,198) which is secured on assets.

Bank loans comprises a Coronavirus Business Interruption Bank Loan. This attracts interest at 4.9% over base rate and is repayable in monthly instalments by 30 June 2026.

Other borrowings comprise a loan from the majority shareholder in the ACM investment (see note 13). The loan is interest free and has not fixed or determinable repayment date, the agreement providing that repayment is to be on a schedule to be determined jointly by the lender and the company.

18 Loans and overdrafts

	2022 £	2021 £
Bank loans	472,500	607,500
Other loans	726,468	882,254
	<u>1,198,968</u>	<u>1,489,754</u>
Payable within one year	660,189	305,745
Payable after one year	<u>538,779</u>	<u>1,184,009</u>

The long-term loans are secured by fixed charges over the assets of the company.

19 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	187,642	124,203
In two to five years	351,137	144,034
In over five years	-	18,813
	<u>538,779</u>	<u>287,050</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

MAGNETIC SYSTEMS TECHNOLOGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****20 Deferred income**

	2022	2021
	£	£
Government grants	23,143	27,360

21 Share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
9,800 Ordinary shares of 0.1p each	10	10
1,089 A Ordinary shares of £1 each	1,089	1,089
	<u>1,099</u>	<u>1,099</u>

22 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	385,494	347,251
Between two and five years	915,350	1,186,441
	<u>1,300,844</u>	<u>1,533,692</u>

23 Related party transactions**Transactions with related parties**

During the year the company entered into the following transactions with related parties:

The company has an interest free unsecured loan from a director of the company in the amount of £469,180 (2021 - £469,180).

MAGNETIC SYSTEMS TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	1,096,032	216,788
Adjustments for:		
Taxation credited	(964,279)	(1,239,913)
Finance costs	138,255	66,440
Investment income	-	(26)
Loss/(gain) on disposal of tangible fixed assets	15,000	(4,518)
Amount written off investment	174,014	-
Depreciation and impairment of tangible fixed assets	430,376	283,121
Decrease in deferred income	(4,217)	(10,121)
Movements in working capital:		
(Increase)/decrease in stocks	(568,464)	391,037
Increase in debtors	(1,584,965)	(2,931,173)
Increase in creditors	1,774,063	3,277,195
Cash generated from operations	505,815	48,830

25 Analysis of changes in net debt

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	762,285	(608,352)	153,933
Borrowings excluding overdrafts	(1,489,754)	290,786	(1,198,968)
Obligations under finance leases	(287,050)	(251,729)	(538,779)
	(1,014,519)	(569,295)	(1,583,814)

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