

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
SCOMAC CATERING EQUIPMENT LIMITED**

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For The Year Ended 31 December 2022

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SCOMAC CATERING EQUIPMENT LIMITED

COMPANY INFORMATION
For The Year Ended 31 December 2022

DIRECTORS:

M Imlah
A M Imlah
S Shepherd
M A J Street
A A Fitzwater

SECRETARY:

M A J Street

REGISTERED OFFICE:

Unitech House
Prospect Road
Burntwood
Staffordshire
WS7 0AU

REGISTERED NUMBER:

02841935 (England and Wales)

AUDITORS:

TC Group
1 Rushmills
Bedford Road
Northampton
Northamptonshire
NN4 7YB

STRATEGIC REPORT
For The Year Ended 31 December 2022

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

REVIEW OF BUSINESS

Principal Activities

The company's principal activities are the design, bespoke manufacture, distribution and maintenance of commercial catering equipment.

Result and performance

2022 has seen improved results as we feel a lessening impact of COVID-19 on the hospitality sector.

- Turnover increased by 35% to £13.4m (2021: £10.0m)
- Gross profit margin was 26% (2021: 26%)
- Net Assets were £1.0m (2021: £0.9m)
- Profit for the year after tax was £191,039 (2021: £40,239)

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has a well-established process for identifying, evaluating, and managing the business risks faced by the Company. Business risks are identified and evaluated through the management team's ongoing review of progress against strategic objectives. The business risks include:

- Health and Safety risk
- Operational risks arising from the nature of the work undertaken
- External business risks, including regulatory and compliance obligations
- Legal risks resulting from contracts with suppliers and customers
- Financing risks, including hedging of interest and exchange
- Tax risk
- Information risks such as data protection, cyber security, and integrity of IT systems.

Furthermore, we assess risks as regards our market sectors, competitors, partnerships, and the impact of political decisions which may influence our trading activity.

The principal risks and uncertainties facing the company are:

Price Risk

The Company operates in a competitive industry and manages the risk this poses through continued investment in people, equipment, and service offering. A balanced portfolio of customers and services is maintained to mitigate the overall exposure.

Credit risk

The Company is primarily exposed to credit risk from credit sales. It is Company policy that all new customers are reviewed for credit worthiness and appropriate credit limits are established at the outset of any new customer relationship. Ongoing monitoring involved the services of an external credit agency which provide alerts to changes in financial circumstances.

Liquidity risk

The Company actively manages working capital and its debt facilities through rolling cash flow projections and live cash reporting. The policies seek to ensure sufficient liquidity is available to meet the working capital needs of the business whilst maintaining a healthy level of investment and re-investment.

Cash flow risk

The Company finances its operations through a mixture of retained profits and cash balances as well as secured bank and hire purchase debt. Debt facilities are subject to a mixture of fixed and variable rate interest in order to mitigate risk associated with rising interest rates whilst providing opportunity for upside potential should interest rates fall.

STRATEGIC REPORT
For The Year Ended 31 December 2022

GOING CONCERN

The director has considered the impact of ongoing political and economic matters in relation to their risk assessment and impact on the business. In their opinion have taken all reasonable steps to mitigate factors arising, including the consideration of employment sustainability, sourcing of supplies and customer welfare. Such factors are considered by the director to represent ongoing inherent risk to the business that they will continue to seek to manage including any risks to cashflow and revenue sustainability.

ON BEHALF OF THE BOARD:

A M Imlah - Director

7 September 2023

REPORT OF THE DIRECTORS
For The Year Ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

Interim dividends of £100,000 (2021: £nil) were paid during the year. The directors recommend that no final dividend be paid.

RESEARCH AND DEVELOPMENT

The directors are optimistic that the investment in development of new products will create greater marketing opportunities and increased sales.

FUTURE DEVELOPMENTS

The directors continue to innovate, building on the company's existing customer portfolio and product range.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

M Imlah
A M Imlah
S Shepherd
M A J Street

Other changes in directors holding office are as follows:

A A Fitzwater - appointed 25 October 2022

FINANCIAL INSTRUMENTS

The company utilises various financial instruments including loans, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail in the Strategic Report.

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.

REPORT OF THE DIRECTORS
For The Year Ended 31 December 2022

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.

ON BEHALF OF THE BOARD:

A M Imlah - Director

7 September 2023

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SCOMAC CATERING EQUIPMENT LIMITED

Opinion

We have audited the financial statements of Scomac Catering Equipment Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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 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
SCOMAC CATERING EQUIPMENT 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 four, 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 SCOMAC CATERING EQUIPMENT 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK GAAP and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through review of board minutes and discussions with those charged with governance.

- We assess the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the company has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

- Based on our understanding, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

- We also performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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.

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.

Emma Jones FCCA (Senior Statutory Auditor)
for and on behalf of TC Group
1 Rushmills
Bedford Road
Northampton
Northamptonshire
NN4 7YB

7 September 2023

**STATEMENT OF COMPREHENSIVE
INCOME**
For The Year Ended 31 December 2022

		2022	2021
	Notes	£	£
TURNOVER	3	13,482,206	10,011,882
Cost of sales		<u>9,924,154</u>	<u>7,390,916</u>
GROSS PROFIT		3,558,052	2,620,966
Administrative expenses		<u>3,317,205</u>	<u>2,730,905</u>
		240,847	(109,939)
Other operating income		<u>-</u>	<u>118,916</u>
OPERATING PROFIT	5	240,847	8,977
Interest receivable and similar income		<u>222</u>	<u>69</u>
		241,069	9,046
Interest payable and similar expenses	6	<u>4,364</u>	<u>6,551</u>
PROFIT BEFORE TAXATION		236,705	2,495
Tax on profit	7	<u>45,666</u>	<u>(37,744)</u>
PROFIT FOR THE FINANCIAL YEAR		191,039	40,239
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>191,039</u>	<u>40,239</u>

The notes form part of these financial statements

BALANCE SHEET
31 December 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	9		265,475		334,609
CURRENT ASSETS					
Stocks	10	441,869		246,791	
Debtors	11	3,042,421		2,617,775	
Cash at bank and in hand		<u>533,621</u>		<u>665,028</u>	
		4,017,911		3,529,594	
CREDITORS					
Amounts falling due within one year	12	<u>3,254,699</u>		<u>2,926,555</u>	
NET CURRENT ASSETS			<u>763,212</u>		<u>603,039</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,028,687</u>		<u>937,648</u>
CAPITAL AND RESERVES					
Called up share capital	16		106		106
Retained earnings	17		<u>1,028,581</u>		<u>937,542</u>
SHAREHOLDERS' FUNDS			<u>1,028,687</u>		<u>937,648</u>

The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2023 and were signed on its behalf by:

A M Imlah - Director

M A J Street - Director

STATEMENT OF CHANGES IN EQUITY
For The Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	106	897,303	897,409
Changes in equity			
Total comprehensive income	-	40,239	40,239
Balance at 31 December 2021	106	937,542	937,648
Changes in equity			
Dividends	-	(100,000)	(100,000)
Total comprehensive income	-	191,039	191,039
Balance at 31 December 2022	106	1,028,581	1,028,687

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2022

1. STATUTORY INFORMATION

Scomac Catering Equipment 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 (£).

The company's business address is 1 Bell Square, Livingston, EH54 9BY.

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.

There were no material departures from that standard.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported. These estimates and judgements are continually reviewed and are based on experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition - long term contracts

Revenue is recognised on long term contracts where the outcome of the contract can reliably be estimated. Revenue and costs are recognised based on the work performed at the date of the balance sheet. This is measured looking at the actual costs incurred to date as a percentage of the total estimated costs of the project. The estimated costs of a contract are based on detailed models of expected costs, which are regularly reviewed as the project progresses. Adjustments to total expected costs are updated as required.

Revenue is based on contracted amounts, and variations to the extent that they are considered reliable and the receipt can be considered probable. Management assess the likelihood that variations will be recovered considering: the contractual position, success rate of similar claims and the ability of the customer to accept the variation.

Stock provisioning

The group supplies, installs and maintains equipment which is subject to changing customer demands and technological change. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. Management consider the nature and condition of stock, as well as apply assumptions around expected future demand for the stock, when calculating the level stock provisioning.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added tax, and includes revenue earned from the sale of goods and from the rendering of services.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point when the customer takes delivery of the goods.

Turnover from the rendering of services is recognised when they are performed, and the outcome can be reliably estimated.

Tangible fixed assets and depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 20% - 50% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 50% on reducing balance

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

No depreciation is provided in respect of the freehold property, which is held for use by the group, on the grounds that the directors believe that the estimated residual value of the property is not materially different from the carrying value of the asset, and that this policy reflects a true and fair view in the financial statements.

Tangible fixed assets are depreciated on net book values at the following annual rates apart from those of low cost which are charged to revenue in the year of purchase.

Stocks

Raw materials, consumables and work in progress are valued at the lower of cost and estimated selling price less costs to complete and sell after making due allowance for obsolete and slow moving stock.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022**2. ACCOUNTING POLICIES - continued****Financial instruments**

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, and loans from fellow Group companies, 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 receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. 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

Tangible fixed assets financed by leasing agreements that give rights approximating to ownership ("finance leases") are capitalised, and outstanding lease instalments are shown under creditors. Depreciation on such assets, which is calculated on the above basis, and the interest element of the leasing payments are charged to revenue as are rentals payable under operating leases.

Pension costs and other post-retirement benefits

The company operates defined contributions schemes for the benefit of all employees eligible to participate. Contributions are charged annually to the profit and loss and the asset of the pension schemes are invested externally and managed by insurance companies.

Going concern

As at the point of authorising the accounts, and for the foreseeable future, the directors consider the going concern assumption to still be appropriate. The directors acknowledge that given the currently rapidly changing business and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the directors to represent a general inherent level of risk in relation to the going concern assumption albeit not quantifiable at this time.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sale of goods	13,171,036	9,649,394
Maintenance contracts	311,170	362,488
	<u>13,482,206</u>	<u>10,011,882</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	13,482,206	10,011,882
	<u>13,482,206</u>	<u>10,011,882</u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	2,819,144	2,488,668
Social security costs	281,407	235,178
Other pension costs	66,541	61,883
	<u>3,167,092</u>	<u>2,785,729</u>

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

	2022	2021
Production	42	58
Administration	44	20
	<u>86</u>	<u>78</u>

	2022	2021
	£	£
Directors' remuneration	122,944	111,242
Directors' pension contributions to money purchase schemes	<u>3,310</u>	<u>2,610</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2022	2021
Money purchase schemes	<u>2</u>	<u>1</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation - owned assets	24,099	44,899
Depreciation - assets on hire purchase contracts	5,303	10,400
Loss on disposal of fixed assets	16,329	13,925
Auditors' remuneration	12,825	10,500
Auditors' remuneration for non audit work	<u>5,155</u>	<u>4,500</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Hire purchase	<u>4,364</u>	<u>6,551</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022

7. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
Group relief	46,154	(27,139)
Deferred tax	(488)	(10,605)
Tax on profit	<u>45,666</u>	<u>(37,744)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

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

	2022 £	2021 £
Profit before tax	<u>236,705</u>	<u>2,495</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	44,974	474
Effects of:		
Expenses not deductible for tax purposes	539	2,724
Income not taxable for tax purposes	-	(285)
Depreciation in excess of capital allowances	641	790
Research & development	-	(30,842)
Deferred tax	(488)	(10,605)
Total tax charge/(credit)	<u>45,666</u>	<u>(37,744)</u>

At Spring Budget 2021, the government announced an increase in the Corporation Tax main rate from 19% to 25% for companies with profits over £250,000 together with the introduction of a small profits rate of 19% with effect from 1 April 2023. Deferred tax has therefore been calculated at the future rate of 25%.

8. DIVIDENDS

	2022 £	2021 £
Ordinary shares of £0.10 each		
Interim	<u>100,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2022	155,195	440,423	659,832	48,567	1,304,017
Disposals	-	-	(310,895)	-	(310,895)
At 31 December 2022	<u>155,195</u>	<u>440,423</u>	<u>348,937</u>	<u>48,567</u>	<u>993,122</u>
DEPRECIATION					
At 1 January 2022	-	377,613	545,178	46,617	969,408
Charge for year	-	10,058	18,369	975	29,402
Eliminated on disposal	-	-	(271,163)	-	(271,163)
At 31 December 2022	<u>-</u>	<u>387,671</u>	<u>292,384</u>	<u>47,592</u>	<u>727,647</u>
NET BOOK VALUE					
At 31 December 2022	<u>155,195</u>	<u>52,752</u>	<u>56,553</u>	<u>975</u>	<u>265,475</u>
At 31 December 2021	<u>155,195</u>	<u>62,810</u>	<u>114,654</u>	<u>1,950</u>	<u>334,609</u>

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

	Motor vehicles £
COST	
At 1 January 2022	69,951
Transfer to ownership	(69,951)
At 31 December 2022	<u>-</u>
DEPRECIATION	
At 1 January 2022	48,740
Charge for year	5,303
Transfer to ownership	(54,043)
At 31 December 2022	<u>-</u>
NET BOOK VALUE	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>21,211</u>

10. STOCKS

	2022 £	2021 £
Raw materials	206,523	153,157
Work-in-progress	<u>235,346</u>	<u>93,634</u>
	<u>441,869</u>	<u>246,791</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	2,772,626	2,284,686
Amounts owed by group undertakings	-	171,980
Other debtors	211	-
Deferred tax asset	34,556	34,068
Prepayments	235,028	127,041
	<u>3,042,421</u>	<u>2,617,775</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 13)	384,561	206,568
Hire purchase contracts (see note 14)	-	11,564
Trade creditors	2,357,469	1,875,410
Amounts owed to group undertakings	79,985	11,742
Social security and other taxes	82,222	65,578
VAT	136,557	108,927
Other creditors	70,859	506,337
Accruals and deferred income	143,046	140,429
	<u>3,254,699</u>	<u>2,926,555</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>384,561</u>	<u>206,568</u>

14. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2022	2021
	£	£
Gross obligations repayable:		
Within one year	<u>-</u>	<u>11,796</u>
Finance charges repayable:		
Within one year	<u>-</u>	<u>232</u>
Net obligations repayable:		
Within one year	<u>-</u>	<u>11,564</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022

15. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Bank overdrafts	384,561	206,568
Hire purchase contracts	-	11,564
	<u>384,561</u>	<u>218,132</u>

The overdraft facility is secured against the assets of the company.
Hire purchase contracts are secured against the assets to which they relate.

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
1,059	Ordinary	£0.10	<u>106</u>	<u>106</u>

17. RESERVES

	Retained earnings £
At 1 January 2022	937,542
Profit for the year	191,039
Dividends	<u>(100,000)</u>
At 31 December 2022	<u>1,028,581</u>

18. OTHER FINANCIAL COMMITMENTS

The company operates defined contribution pension schemes for the benefit of all employees eligible to participate. Contributions are charged annually to profit and loss and these amounted to £66,541 (2021: £61,883) for the year.

Contributions totalling £13,210 (2021: £11,539) were payable to the scheme at the end of the period and are included in other creditors.

19. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Entities with control, joint control or significant influence over the entity

	2022	2021
	£	£
Purchases	416,764	-
Amount due to related parties	<u>15,891</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2022

19. RELATED PARTY DISCLOSURES - continued**Key management personnel of the entity or its parent**

	2022	2021
	£	£
Remuneration	<u>163,354</u>	<u>113,852</u>

Fellow subsidiary companies which are not wholly owned

	2022	2021
	£	£
Purchases	176,343	240,427
Amount due to related parties	<u>-</u>	<u>5,785</u>

20. ULTIMATE CONTROLLING PARTY

The controlling party is Unitech Industries Limited.

The ultimate controlling party is A M Imlah.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.