

Company Registration No. 03196642 (England and Wales)

**EAST MIDLANDS INSTRUMENT COMPANY
LIMITED**

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

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EAST MIDLANDS INSTRUMENT COMPANY LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	4		831,730		649,929
Current assets					
Stocks		652,110		590,995	
Debtors	5	1,958,283		2,037,665	
Cash at bank and in hand		913,336		741,298	
			3,523,729	3,369,958	
Creditors: amounts falling due within one year	6	(2,953,636)		(3,177,308)	
Net current assets			570,093		192,650
Total assets less current liabilities			1,401,823		842,579
Creditors: amounts falling due after more than one year	7		(347,241)		(434,059)
Provisions for liabilities	9		(136,378)		(66,822)
Net assets			918,204		341,698
Capital and reserves					
Called up share capital	11		150,000		150,000
Revaluation reserve			360,087		166,292
Profit and loss reserves	12		408,117		25,406
Total equity			918,204		341,698

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 December 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 06/07/23 and are signed on its behalf by:

K P Bingham

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K P Bingham

Director

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

East Midlands Instrument Company Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is Laughton Lane, Morton, Gainsborough, Lincolnshire, DN21 3ET.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

Going concern

The statement of financial position shows net assets of £918,204 (2021 - £341,698) and net current assets of £570,093 (2021 - £192,650). The company's business activities, together with the factors likely to affect its future development, performance and position have been discussed by the directors. The directors have prepared cash flow forecasts which show the company operating within its agreed banking facilities for a period of 12 months from the date of signing these financial statements. The directors have prepared cash flow forecasts which show the company operating within its agreed banking facilities.

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Turnover arising on short term maintenance is recognised on completion of works.

Long term contracts are assessed on a contract by contract basis and reflected in the income statement by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. 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, turnover is recognised only to the extent of the expenses recognised that are recoverable.

The amount by which turnover exceeds payments on accounts is classified as "gross amounts due from contract customers" and included in debtors; to the extent that payments on account exceed relevant turnover and long term contract balances, the excess is included as a creditor and classified as "payments received on account". The amount of long term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with turnover, is included within stocks.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Other income

Grant income

Income from government grants is recognised when the associated performance conditions are met and is presented within other operating income.

Insurance claims receivable

Income from insurance claims relating to former directors who are on long-term sick is recognised over the period the income relates to.

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 of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% - 20% straight line basis
Plant and machinery	15% straight line basis
Fixtures, fittings and equipment	15% straight line basis

Freehold land is not depreciated.

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.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and is determined using the first in first out basis.

Work in progress includes overheads appropriate to the stage of manufacture.

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.

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 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 trade debtors, gross amounts owed by contract customers, amounts owed by group undertakings, accrued income 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets 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.

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.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

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

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and overdrafts, and amounts due to group undertakings, 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.

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

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to income statement, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For assets measured using the revaluation model, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

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.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Retirement benefits

For defined contribution schemes the amount charged to income statement is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

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

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability. Included within other operating income in the prior year, shown in the income statement, are amounts received from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS).

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 116 (2021 - 120).

3 Directors' remuneration

	2022	2021
	£	£
Remuneration paid to directors	237,305	225,317

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost or valuation			
At 1 January 2022	689,490	419,964	1,109,454
Additions	4,926	27,089	32,015
Revaluation	200,000	-	200,000
At 31 December 2022	894,416	447,053	1,341,469
Depreciation and impairment			
At 1 January 2022	111,482	348,043	459,525
Depreciation charged in the year	30,418	19,796	50,214
At 31 December 2022	141,900	367,839	509,739
Carrying amount			
At 31 December 2022	752,516	79,214	831,730
At 31 December 2021	578,008	71,921	649,929

Land and buildings with a carrying amount of £752,516 at 31 December 2022 were revalued at 18 August 2022 by Musson Liggins, Chartered Surveyors, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2022 £	2021 £
Cost	653,174	648,248
Accumulated depreciation	(334,935)	(304,014)
Carrying value	318,239	344,234

The revaluation surplus is disclosed in the Balance Sheet.

Included within freehold land and buildings is £60,000 of land which is not depreciated.

The bank has a fixed and floating charge over the assets of the company as security on the loans detailed in note 6.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	446,740	803,877
Gross amounts owed by contract customers	820,973	623,634
Amounts owed by group undertakings	593,894	516,989
Prepayments and accrued income	96,676	93,165
	<u>1,958,283</u>	<u>2,037,665</u>

Amounts owed by group undertakings are interest free and repayable on demand.

6 Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	82,784	269,177
Trade creditors	1,191,228	695,619
Amounts due to group undertakings	517,424	517,424
Other taxation and social security	405,814	629,251
Other creditors	756,386	1,065,837
	<u>2,953,636</u>	<u>3,177,308</u>

Included in bank loans and overdrafts are amounts totalling £nil (2021 - £169,410) secured against debt to which invoice finance facilities relate. The bank has a fixed and floating charge over the assets of the company as security on the loans.

Amounts due to group undertakings are interest free and repayable on demand.

7 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Bank loans and overdrafts	324,941	411,049
Other creditors	22,300	23,010
	<u>347,241</u>	<u>434,059</u>

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Creditors: amounts falling due after more than one year (Continued)

Other creditors falling due after more than one year of £22,300 (2021 - £23,010) relates to deferred government grant income. £710 is released to the income statement per annum meaning that £19,460 (2021 - £20,170) will be released after more than 5 years from the reporting date.

During the year ended December 2020, the company benefitted from the Coronavirus Business Interruption Loan Scheme (CBILS) introduced by the UK Government as a result of the Covid-19 pandemic. The loan is repayable by 54 monthly repayments of £4,259 that commenced in December 2020. Interest is charged on the loan at 5.5% above the base rate. The company has also received the provision of a guarantee from the UK government in respect of this loan in line with the conditions of the scheme.

An additional term loan was also taken out during 2020. The loan is repayable by 43 monthly repayments of £4,050, followed by a final repayment of £223,992. Interest is charged on the loan at 4.0% above the base rate. The loan is secured against the freehold property of the company.

8 Provisions for liabilities

		2022 £	2021 £
Deferred tax liabilities	9	136,378	66,822

9 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Fixed asset timing differences	146,293	96,657
Tax losses	(7,993)	(28,762)
Short term timing differences	(1,922)	(1,073)
	<u>136,378</u>	<u>66,822</u>
Movements in the year:		2022 £
Liability at 1 January 2022		66,822
Charge to profit or loss		69,556
Liability at 31 December 2022		<u>136,378</u>

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

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

10 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	118,038	104,499

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end contributions of £9,164 (2021 - £9,164) were outstanding and are included in accruals.

11 Called up share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
150,000 Ordinary shares of £1 each	150,000	150,000
	150,000	150,000

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

12 Profit and loss reserves

Revaluation reserve

The cumulative revaluations gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit and loss.

Profit and loss reserves

Profit and loss reserves represent cumulative profit and loss net of distributions to owners.

13 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	73,768	78,150
Between one and five years	83,984	114,047
	157,752	192,197

14 Financial commitments, guarantees and contingent liabilities

The company has given a cross guarantee in favour of Yorkshire Bank in respect of all monies owing by East Midlands Holdings Limited. There is no further liability arising as a result of this cross guarantee at the year end.

EAST MIDLANDS INSTRUMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Parent company

By virtue of its 100% shareholding in the company, East Midlands Holdings Limited, a company registered in England, is considered to be the immediate parent company.