Company registration number: 03686287

Protec International Limited

Consolidated financial statements

31 December 2022

Protec International Limited

Contents

Protec International Limited

Directors and other information

Directors	Mr J D Harrison Mr S Cox
Secretary	C Harrison
Company number	03686287
Registered office	45/49 Greek Street Stockport Cheshire SK3 8AX
Business address	Construction House Adlington Business Park Adlington Macclesfield SK10 4NL
Auditor	Downham Morris & Co 45/49 Greek Street Stockport Cheshire SK3 8AX
Bankers	National Westminster Bank Plc Western Avenue Chatham Maritime Kent ME4 4RT

Protec International Limited

Strategic report
Year ended 31 December 2022

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

Principal activities
The principal activity of the group is the manufacture and distribution of protection materials to the construction industry.

Results and performance
During the year, the group performed well in a competitive and volatile environment. Industries worldwide face unprecedented challenges including, but not limited to, rising inflation and interest rate increases as well as soaring power costs. In spite of turbulent economic events, the group saw a significant increase in operational activities: turnover rose by 17.1% to £26,296,264 (2021: £22,446,960) and consequently achieved a gross profit for the year of £7,390,334 (2021: £5,884,672) and an operating profit of £3,188,228 (2021: £1,987,903).

The group has achieved an acceptable level of profitability in the face of numerous economic challenges and this is a testament to the strength of the management and staff team.

The group will continue to focus on maintaining strong relationships with its core client base.

Final dividends of £773,691 (2021: £862,945) were declared.

The directors are satisfied with performance levels achieved in the 2022 financial year and look forward to continued controlled growth in 2023 and beyond.

Going concern
The group continues to exceed trading levels achieved prior to the coronavirus outbreak though there are other global factors that serve to adversely affect the UK economy, not least inflationary pressures and increases in interest rates, power and utility costs.

The group has considerable financial resources together with a number of customers and suppliers across different geographical areas and industries. The directors consider that the group has sufficient liquid reserves and a significant unencumbered asset base which may be utilised for funding to remain solvent during future periods of turbulence and, as a consequence, believe the group is well placed to manage its business risks successfully despite the uncertain economic outlook.

The directors' assessment of going concern is based on the latest available financial and non-financial information and government guidance. Stress testing has been conducted and considered, taking into account any potential business disruptions and impact on revenue that may occur from future economic uncertainty.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Key performance indicators
The directors monitor sales orders and associated expenditure on a regular basis and management accounts are produced regularly for review by the board for analysis of performance ratios.

The directors consider the key performance indicators to be measured by turnover, gross profits and profit before taxation as described above.

The directors do not believe that there are any non-financial key performance indicators that are relevant.

Principal risks and uncertainties
The risks facing the group are assessed on an ongoing basis by the directors. They evaluate the likelihood and potential impact of each risk and ensure appropriate action is taken to mitigate them.

Health and safety
The group is committed to achieving the highest practicable standards in both health and safety management for all operations and are committed to promoting the well-being of its employees. The directors implement regular health and safety reviews to comply with legislative requirements and maintain safe and healthy working conditions to achieve continual compliance and improvement.

Human resources
The group's most important resource is its staff and retention of key staff is critical though not a risk; their knowledge and experience is crucial to meeting customer requirements and the group continues to invest in staff training and development in this regard. The group has established practices to ensure that employees are consulted on a regular basis on matters relevant to them.

Financial risk
The risks facing the group are assessed on an ongoing basis by the directors who evaluate the likelihood and potential impact of each risk, whether it be interest rate risk, liquidity risk or foreign currency risk, and ensure appropriate action is taken to mitigate them. The group has no significant concentration of credit risk with exposure spread over a large number of customers.

Liquidity risk
The group manages liquidity risk by ensuring that its day-to-day working capital requirements are met via the availability of sufficient liquid funds to accommodate the requirements of the group's functions.

Foreign currency risk and interest rate risk
The group is exposed to the risk that currency exchange rates relative to the English Pound Sterling may change in a manner which has a material effect on the reported values of its assets and liabilities. The group is mainly exposed to the United States Dollar and the Euro and manages this risk with the use of forward exchange contracts.

The group manages interest rate risk by negotiating its banking facility rates on a regular basis.

Credit risk
The group monitors credit risk closely and considers that its current policy on credit checks meets its objectives on managing exposure in this area.

The group has no significant concentration of credit risk with exposure spread over a large number of customers.

Fraud
The group has a strong control framework in respect of potential fraud and dishonest behaviour which is regularly reviewed and managed by the directors.

Research and development
Research and development is concentrated on the improvement of warehousing and production workflows.

Outlook and future developments

The full impact and implications of world events remain difficult to predict in the UK and in the economic sectors in which the group operates, although the group continues to trade at profitable levels with the goal to grow in a controlled manner year on year.

The group seeks to continue its commitment to the environment via investment to reduce waste, prevent pollution and minimise carbon emissions.

While market conditions are expected to remain challenging, the directors remain confident that an effective operating framework is in place to maintain growth and performance in 2023.

This report was approved by the board of directors on 14 August 2023 and signed on behalf of the board by:

....

Mr J D Harrison
Director

Protec International Limited

Directors report
Year ended 31 December 2022

Company registration number: 03686287

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

Principal place of business
The company's principal place of business is located at Construction House, Adlington Business Park, Adlington, Macclesfield, SK10 4NL.

Directors
The directors who served the company during the year were as follows:

Mr J D Harrison
Mr S Cox

Dividends
The directors recommend that a dividend of £773,691 is paid during the year ended 31 December 2022.

Future developments
The group seeks to continue its commitment to the environment via investment as well as maximising operational efficiencies and the directors look forward to the forthcoming financial year with a continuing level of confidence.

Financial instruments
Financial instruments that are debt instruments measured at amortised cost comprise of trade debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost consist of bank borrowings, obligations under finance leases, share capital, directors' loans and trade creditors.

The main risks arising from these financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. The risks facing the group are assessed on an ongoing basis by the directors and appropriate action is taken to mitigate them.

The group had no foreign currency forward contracts due for maturity after the year end date.

Disclosure of information in the strategic report.
The group's business activities together with factors likely to affect its financial position, financial risk management objectives and exposures to risk are described in the strategic report on pages 2 - 4.

The group has disclosed an indication of its activities in the field of research and development and this can be found in the strategic report.

The directors' assessment of going concern can be found in the strategic report.

Directors responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and the profit or loss of the company and the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 14 August 2023 and signed on behalf of the board by:

....
Mr J D Harrison
Director

Independent auditor's report to the members of Protec International Limited Year ended 31 December 2022

Opinion

We have audited the financial statements of Protec International Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

In our opinion, based on the work undertaken in the course of the 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 has 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and the 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 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 group's and the parent 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 group or the parent 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

Based on our understanding and accumulated knowledge of the group and the parent company and the sector in which they operate we considered the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the group's accounting policies, the financial reporting framework and the UK Companies Act 2006. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

Based on our understanding and accumulated knowledge of the group and the parent company and the sector in which they operate we considered the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the company accounting policies, the financial reporting framework and the UK Companies Act 2006. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Identifying and testing journal entries, with a focus on manual journals to revenue, unusual combinations and journals indicating large or unusual transactions based on our understanding of the business;
- Testing a sample of revenue recognised either side of the year end to ensure revenue has been recognised in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions, accounting estimates and judgments made by the director, particularly in relation to bad and doubtful debts;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business* activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that *we identify during our audit.*

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....

Ian Gwynfor Morris FCCA (Senior Statutory Auditor)

For and on behalf of
Downham Morris & Co
Statutory Auditor
45/49 Greek Street
Stockport
Cheshire
SK3 8AX

14 August 2023

Protec International Limited

Group statement of comprehensive income
Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	5	26,296,264	22,446,960
Cost of sales		(18,905,930)	(16,562,288)
Gross profit		7,390,334	5,884,672
Administrative expenses		(4,246,390)	(4,003,940)
Other operating income	6	44,284	107,171
Operating profit	7	3,188,228	1,987,903
Other interest receivable and similar income	10	5,613	633
Interest payable and similar expenses	11	(333,429)	(236,111)
Profit before taxation		2,860,412	1,752,425
Tax on profit	12	(223,144)	(382,056)
Profit for the financial year and total comprehensive income		2,637,268	1,370,369
Total comprehensive income for the year attributable to:			
Equity shareholders of the parent company		2,637,268	1,370,369

All the activities of the group are from continuing operations.

The notes on pages 17 to 40 form part of these financial statements.

Protec International Limited

Group statement of financial position
31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	15	-		6,556	
Tangible assets	16	10,537,248		11,157,174	
			10,537,248		11,163,730
Current assets					
Stocks	18	4,383,980		3,300,096	
Debtors	19	5,442,033		4,853,155	
Cash at bank and in hand		3,058,028		4,002,742	
		12,884,041		12,155,993	
Creditors: amounts falling due within one year	20	(6,429,858)		(7,603,890)	
Net current assets			6,454,183		4,552,103
Total assets less current liabilities			16,991,431		15,715,833
Creditors: amounts falling due after more than one year	21		(5,039,028)		(5,723,698)
Provisions for liabilities	23		(745,205)		(802,655)
Net assets			11,207,198		9,189,480
Capital and reserves					
Called up share capital	28		440,528		430,427
Share premium account	29		308,768		164,728
Capital redemption reserve	29		46,500		46,500
Share option reserve	29		-		15,413
Profit and loss account	29		10,411,402		8,532,412
Shareholders funds			11,207,198		9,189,480

These financial statements were approved by the board of directors and authorised for issue on 14 August 2023, and are signed on behalf of the board by:

....
Mr J D Harrison
Director

The notes on pages 17 to 40 form part of these financial statements.

Protec International Limited

Parent company statement of financial position
31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	**16**	6,879,686		6,830,811	
Investments	**17**	101		101	
			6,879,787		6,830,912
Current assets					
Stocks	**18**	3,534,994		2,634,281	
Debtors	**19**	6,644,994		6,066,676	
Cash at bank and in hand		2,168,595		3,408,344	
		12,348,583		12,109,301	
Creditors: amounts falling due *within one year*	**20**	(4,540,193)		(6,237,689)	
Net current assets			7,808,390		5,871,612
Total assets less current liabilities			14,688,177		12,702,524
Creditors: amounts falling due after more than one year	**21**		(3,822,283)		(4,148,939)
Provisions for liabilities	**23**		(109,770)		(58,258)
Net assets			10,756,124		8,495,327
Capital and reserves					
Called up share capital	**28**		440,528		430,427
Share premium account	**29**		308,768		164,728
Capital redemption reserve	**29**		46,500		46,500
Share option reserve	**29**		-		15,413
Profit and loss account	**29**		9,960,328		7,838,259
Shareholders funds			10,756,124		8,495,327

These financial statements were approved by the board of directors and authorised for issue on 14 August 2023 and are signed on behalf of the board by:

....

Mr J D Harrison
Director

The notes on pages 17 to 40 form part of these financial statements.

Protec International Limited

Group statement of changes in equity
Year ended 31 December 2022

	Called up share capital	Share premium account	Capital redemption reserve	Share option reserve	Profit and loss account	**Total**
	£	£	£	£	£	**£**
At 1 January 2021	430,427	164,728	46,500	-	8,024,988	8,666,643
Profit for the year					1,370,370	1,370,370
Total comprehensive income for the year	-	-	-	-	1,370,370	1,370,370
Dividends paid and payable					(862,945)	(862,945)
Equity settled share-based payments				15,413	-	15,413
Total investments by and distributions to owners	-	-	-	15,413	(862,945)	(847,532)
At 31 December 2021 and 1 January 2022	430,427	164,728	46,500	15,413	8,532,415	9,189,483
Profit for the year					2,637,268	2,637,268
Total comprehensive income for the year	-	-	-	-	2,637,268	2,637,268
Issue of shares	10,101	144,040				154,141
Dividends paid and payable					(773,691)	(773,691)
Exercise of options, rights and warrants	-	-		(15,413)	15,413	-
Total investments by and distributions to owners	10,101	144,040	-	(15,413)	(758,278)	(619,550)
At 31 December 2022	440,528	308,768	46,500	-	10,411,402	11,207,198

Protec International Limited

Parent company statement of changes in equity
Year ended 31 December 2022

	Called up share capital	Share premium account	Capital redemption reserve	Share option reserve	Profit and loss account	**Total**
	£	£	£	£	£	**£**
At 1 January 2021	430,427	164,728	46,500	-	6,505,055	7,146,710
Profit for the year					2,196,149	2,196,149
Total comprehensive income for the year	-	-	-	-	2,196,149	2,196,149
Dividends paid and payable					(862,945)	(862,945)
Equity settled share-based payments				15,413	-	15,413
Total investments by & distributions to owners	-	-	-	15,413	(862,945)	(847,532)
At 31 December 2021 and 1 January 2022	430,427	164,728	46,500	15,413	7,838,259	8,495,327
Profit for the year					2,880,347	2,880,347
Total comprehensive income for the year	-	-	-	-	2,880,347	2,880,347
Issue of shares	10,101	144,040				154,141
Dividends paid and payable					(773,691)	(773,691)
Exercise of options, rights and warrants	-	-		(15,413)	15,413	-
Total investments by & distributions to owners	10,101	144,040	-	(15,413)	(758,278)	(619,550)
At 31 December 2022	440,528	308,768	46,500	-	9,960,328	10,756,124

Protec International Limited

Group statement of cash flows
Year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	2,637,268	1,370,369
Adjustments for:		
Depreciation of tangible assets	953,744	916,498
Amortisation of intangible assets	6,556	6,556
Government grant income	(22,500)	(26,555)
Other interest receivable and similar income	(5,613)	(633)
Interest payable and similar expenses	333,429	236,111
Share-based payment expense equity settled	-	15,413
Tax on profit	223,144	382,056
Accrued expenses/(income)	6,888	194,151
Changes in:		
Stocks	(1,083,884)	(458,805)
Trade and other debtors	(588,877)	(648,456)
Trade and other creditors	(322,212)	380,317
Cash generated from operations	2,137,943	2,367,022
Interest paid	(333,429)	(236,111)
Interest received	5,613	633
Tax paid	(60,580)	(145,513)
Net cash from operating activities	1,749,547	1,986,031
Cash flows from investing activities		
Purchase of tangible assets	(333,819)	(447,162)
Net cash used in investing activities	(333,819)	(447,162)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	154,141	-
Proceeds from borrowings	(1,606,339)	(193,605)
Government grant income	22,500	26,555
Payment of finance lease liabilities	(157,053)	(311,483)
Equity dividends paid	(773,691)	(862,945)
Net cash used in financing activities	(2,360,442)	(1,341,478)
Net increase/(decrease) in cash and cash equivalents	(944,714)	197,391
Cash and cash equivalents at beginning of year	4,002,742	3,805,351
Cash and cash equivalents at end of year	3,058,028	4,002,742

1. *General information*

The company is a private company limited by shares, registered in England. The address of the registered office is 45/49 Greek Street, Stockport, Cheshire, SK3 8AX. The address of the principal place of business is set out in the directors' report on pages 5 - 6. The nature of the group's operations and its principal activities are set out in the strategic report on pages 2 - 4.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

The group financial statements consolidate the financial statements of Protec International Limited (the company) and its subsidiary undertakings drawn up to 31 December 2022. No profit and loss account is presented for Protec International Limited (the parent company) as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control and they continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The group profit and loss account, statement of financial position and statement of cash flows include the results and position of Polycorr Limited and P P Polymers Limited. Both companies are wholly owned subsidiaries registered in England & Wales.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Interest income is recognised as interest accrues using the effective interest method.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. 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 capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10%	straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Research and development

Research expenditure is written off in the year in which it is incurred.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	50 years straight line
Plant and machinery	-	10% straight line & 15% reducing balance
Fittings fixtures and equipment	-	15% reducing balance
Motor vehicles	-	20% straight line & 25% reducing balance
Computer equipment	-	3-4 years straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials are stated at purchase cost on a first-in, first-out basis;

Work in progress and finished goods are stated at cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Hire purchase and finance leases
Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Government grants
Government grants are recognised when it is reasonable to expect that grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Provisions
Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Financial instruments
A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Defined contribution plans
Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Share-based payments

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satsfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification.

Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

4. Critical accounting policies

In the application of the group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The directors do not consider that any other amounts recognised in the current or prior financial year's financial statements have been significantly affected by any critical judgements made in the process of applying the group's accounting policies.

Key sources of estimation uncertainty

Provision against bad and doubtful debts receivable

Customer and other debtors are reviewed on a line-by-line basis at each financial period end. Provision against bad debts, which is netted against the debtors to which it relates, is made when notification is received from the administrators. Prior to this point, the risk of doubtful debts is mitigated through regular credit reviews. As at the year end the directors have no material concerns over the recoverability of the group's debtors.

Provision against slow-moving, obsolete or irrecoverable stock

Stock is reviewed on an ongoing basis and a provision made where directors are of the opinion that specific raw materials and goods for resale may be irrecoverable. As at the year end, the directors have no material concerns over the recoverability of the group's stock.

5. Turnover

Group turnover arises from:

	2022	2021
	£	£
Sale of goods	26,052,628	22,444,960
Grants	-	2,000
Other income	243,636	-
	26,296,264	22,446,960

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2022	2021
	£	£
United Kingdom	22,733,392	19,436,381
Europe	2,047,957	1,922,305
Rest of World	1,271,279	1,086,274
	26,052,628	22,444,960

6. Other operating income

	2022	2021
	£	£
Government grant income	22,500	26,555
Other operating income	21,784	80,616
	44,284	107,171

Government grant income is derived solely from claims made during the year under the Coronavirus Job Retention Scheme.

7. Operating profit

Operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Amortisation of intangible assets	6,556	6,556
Depreciation of tangible assets	953,744	916,498
Cost of stocks recognised as an expense	6,401,513	6,357,286
Impairment of trade debtors	13,991	14,058
Research and development expenditure written off	92,431	-
Equity-settled share-based payments expense	-	15,413
Operating lease rentals	43,380	47,644
Foreign exchange differences	(215,167)	(115,273)
Fees payable for the audit of the financial statements	62,000	84,750

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2022	2021
Management	2	3
Office	32	29
Production & warehouse	47	39
	81	71

The aggregate payroll costs incurred during the year were:

	2022	2021
	£	£
Wages and salaries	3,128,648	2,687,294
Social security costs	206,578	164,213
Other pension costs	196,690	177,278
	3,531,916	3,028,785

9. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2022	2021
	£	£
Remuneration	100,953	106,764
Group contributions to pension schemes in respect of qualifying services	8,365	8,586
	109,318	115,350

The number of directors who accrued benefits under group pension plans was as follows:

	2022	2021
	Number	Number
Defined contribution plans	1	1

10. Other interest receivable and similar income

	2022	2021
	£	£
Bank deposits	5,043	212
Other interest receivable and similar income	570	421
	5,613	633

11. Interest payable and similar expenses

	2022	2021
	£	£
Bank loans and overdrafts	167,790	128,619
Other loans made to the group:		
Finance leases and hire purchase contracts	82,330	75,345
Loss on fair value adjustment of financial assets at fair value through profit or loss	55,548	-
Other interest payable and similar expenses	27,761	32,147
	333,429	236,111

12. Tax on profit

Major components of tax expense

	2022	2021
	£	£
Group current tax:		
UK current tax expense	595,626	290,485
Adjustments in respect of previous periods	(318,886)	(76,111)
Total current tax	276,740	214,374
Group deferred tax:		
Origination and reversal of timing differences	(53,596)	167,682
Group tax on profit	223,144	382,056

Reconciliation of group tax expense

The tax assessed on the profit for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%).

	2022	2021
	£	£
Profit before taxation	2,860,412	1,752,425
Profit multiplied by rate of tax	543,478	332,961
Adjustments in respect of prior periods	(318,886)	(76,111)
Effect of expenses not deductible for tax purposes	5,648	6,078
Effect of capital allowances and depreciation	46,500	(5,777)
Utilisation of tax losses	-	(42,777)
Deferred tax	(53,596)	167,682
Group tax on profit	223,144	382,056

Factors affecting future tax expense

An increase in the future main corporation tax rate of 25% from the previously enacted 19% rate was announced at Budget 2021 on 3 March 2021 and substantively enacted on 24 May 2021. The increase in the main corporation tax rate is effective from 1 April 2023 and the deferred tax balance at 31 December 2022 has been calculated at a rate of 25%.

13. Profit attributable to owners of the parent company

The profit dealt with in the financial statements of the parent company for the year ended 31 December 2022 is £2,880,347 (2021: £2,196,149).

14. Dividends

Equity dividends

	2022	2021
	£	£
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	773,691	862,945

15. Intangible assets

Group	Goodwill	**Total**
	£	**£**
Cost		
At 1 January 2022 and 31 December 2022	65,564	65,564
Amortisation		
At 1 January 2022	59,008	59,008
Charge for the year	6,556	6,556
At 31 December 2022	65,564	65,564
Carrying amount		
At 31 December 2022	-	-
At 31 December 2021	6,557	6,557

Goodwill arising on the acquisition of Polycorr Limited is being amortised over the directors' estimate of its useful life of 10 years.

Amortisation is included in administration expenses in the group statement of comprehensive income.

16. Tangible assets

Group	Freehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Computer equipment	**Total**
	£	£	£	£	£	**£**
Cost						
At 1 January 2022	6,969,383	7,807,512	227,676	96,717	99,131	15,200,419
Additions	46,285	236,762	5,028	44,500	1,244	333,819
At 31 December 2022	7,015,668	8,044,274	232,704	141,217	100,375	15,534,238
Depreciation						
At 1 January 2022	501,771	3,273,770	170,942	19,641	77,122	4,043,246
Charge for the year	130,313	780,248	8,636	24,461	10,086	953,744
At 31 December 2022	632,084	4,054,018	179,578	44,102	87,208	4,996,990
Carrying amount						
At 31 December 2022	6,383,584	3,990,256	53,126	97,115	13,167	10,537,248
At 31 December 2021	6,467,613	4,533,741	56,734	77,076	22,009	11,157,173

Fixed and floating charges exist over the parent company and its subsidiaries and all property and assets held by the parent company and its subsidiaries are pledged as security.

Parent Company	Freehold property	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Computer equipment	**Total**
Cost						
At 1 January 2022	6,969,383	417,058	225,954	96,717	99,131	7,808,243
Additions	46,285	202,980	5,028	-	1,244	255,537
At 31 December 2022	7,015,668	620,038	230,982	96,717	100,375	8,063,780
Depreciation						
At 1 January 2022	501,771	209,678	169,220	19,641	77,122	977,432
Charge for the year	130,313	38,358	8,636	19,269	10,086	206,662
At 31 December 2022	632,084	248,036	177,856	38,910	87,208	1,184,094
Carrying amount						
At 31 December 2022	6,383,584	372,002	53,125	57,807	13,167	6,879,686
At 31 December 2021	6,467,612	207,380	56,734	77,076	22,009	6,830,811

A fixed and floating charge exists over the company and all property and assets held by the parent company is pledged as security.

Obligations under finance leases
Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Plant and machinery	Motor vehicles
	£	£
At 31 December 2022	2,404,139	97,115
At 31 December 2021	2,323,574	41,547

Parent Company		
	£	£
At 31 December 2022	310,859	57,807
At 31 December 2021	164,423	41,547

17. Investments in group undertakings

Details of the investments in which the group and parent company (unless indicated) hold 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Nature of business	Registered office	Class of share	Percentage of shares held
Subsidiary undertakings				
Polycorr Limited	Manufacturing	45/49 Greek Street Stockport Cheshire SK3 8AX	Ordinary	100
P P Polymers Limited	Waste recycling	45/49 Greek Street Stockport Cheshire SK3 8AX	Ordinary	100

The investments in the subsidiaries are not listed and are held at cost less impairment.

18. Stocks

Group	**2022**	2021
	£	£
Raw materials	762,558	650,926
Finished goods	3,621,422	2,649,170
	4,383,980	3,300,096

Parent Company	**2022**	2021
	£	£
Finished goods	3,534,994	2,634,281

The amount of stock recognised as an expense in cost of sales within the group statement of comprehensive income during the year totalled £6,401,513 (2021: £6,357,286). There are no write-downs or reversals of write-downs of stocks in the current or prior year.

19. Debtors

Group	**2022**	2021
	£	£
Trade debtors	4,590,729	4,136,954
Deferred tax asset (note 24)	-	3,854
Prepayments and accrued income	182,418	188,535
Other debtors	668,886	523,812
	5,442,033	4,853,155

Provision for the impairment of trade debtors as at the year end was £nil (2021: £nil).

Parent Company	**2022**	2021
	£	£
Trade debtors	4,441,908	4,113,496
Amounts owed by group undertakings	1,438,333	1,407,736
Deferred tax asset (note 24)	-	3,854
Prepayments and accrued income	95,867	136,042
Other debtors	668,886	405,548
	6,644,994	6,066,676

Provision for the impairment of trade debtors as at the year end was £nil (2021: £nil).

Amounts owed by group undertakings have no set repayment terms and attract no interest.

20. Creditors: amounts falling due within one year

Group	**2022**	2021
	£	£
Bank loans and overdrafts	411,876	413,816
Trade creditors	1,609,264	1,905,529
Accruals and deferred income	735,632	751,244
Corporation tax	595,626	375,612
Social security and other taxes	557,412	552,410
Obligations under finance leases	668,060	550,570
Director loan accounts	1,850,933	3,045,205
Other creditors	1,055	9,504
	6,429,858	7,603,890

Bank loans are secured on all assets owned by the group.

National Westminster Bank Plc holds an unlimited debenture incorporating a fixed and floating charge over all assets of the parent company and its subsidiaries, Polycorr Limited and PP Polymers Limited.

Hire purchase liabilities are secured on the assets to which they relate.

Parent Company	**2022**	2021
	£	£
Bank loans and overdrafts	411,876	413,816
Trade creditors	649,005	721,112
Amounts owed to group undertakings	-	874,725
Accruals and deferred income	563,450	578,095
Corporation tax	595,626	375,612
Social security and other taxes	351,937	313,126
Obligations under finance leases	117,366	61,907
Director loan accounts	1,850,933	2,891,064
Other creditors	-	8,232
	4,540,193	6,237,689

Bank loans are secured on the land and buildings owned by the company.

National Westminster Bank Plc holds an unlimited debenture incorporating a fixed and floating charge over all assets of the company.

A National Westminster Bank Plc secured loan is repayable by 21 October 2024 and the rate of interest payable on the loan is 2.14% per annum above Base Rate.

A National Westminster Bank Plc secured loan is repayable by 1 June 2025 and the rate of interest payable on the loan is 2.2% per annum over Base Rate.

Amounts owed to group undertakings have no set repayment terms and attract no interest.

Hire purchase liabilities are secured on the assets to which they relate.

21. Creditors: amounts falling due after more than one year

Group	**2022**	2021
	£	£
Bank loans and overdrafts	3,600,296	4,010,423
Obligations under finance leases	1,438,732	1,713,275
	5,039,028	5,723,698

Bank loans are secured on all assets owned by the group.

National Westminster Bank Plc holds an unlimited debenture incorporating a fixed and floating charge over all assets of the group.

Hire purchase liabilities are secured on the assets to which they relate.

Parent Company	**2022**	2021
	£	£
Bank loans and overdrafts	3,600,296	4,010,423
Obligations under finance leases	221,987	138,516
	3,822,283	4,148,939

Bank loans are secured on the land and buildings owned by the company.

National Westminster Bank Plc holds an unlimited debenture incorporating a fixed and floating charge over all assets of the company.

A National Westminster Bank Plc secured loan is repayable by 21 October 2024 and the rate of interest payable on the loan is 2.14% per annum over Base Rate.

A National Westminster Bank Plc secured loan is repayable by 1 June 2025 and the rate of interest payable on the loan is 2.2% per annum over Base Rate.

Hire purchase liabilities are secured on the assets to which they relate.

22. Obligations under finance leases

The total future minimum lease payments under finance lease agreements are as follows:

Group	**2022**	2021
	£	£
Not later than 1 year	668,060	550,569
Later than 1 year and not later than 5 years	1,438,732	1,713,275
Present value of minimum lease payments	2,106,792	2,263,844

The group uses finance leases and hire purchase contracts to acquire plant & machinery and motor vehicles. Such finance leases and hire purchase liabilities are secured on the relevant assets to which they relate.

Parent Company	**2022**	2021
	£	£
Not later than 1 year	117,366	61,907
Later than 1 year and not later than 5 years	221,987	138,516
Present value of minimum lease payments	339,353	200,423

The company uses finance leases and hire purchase contracts to acquire plant & machinery and motor vehicles. Such finance leases and hire purchase liabilities are secured on the relevant assets to which they relate.

23. Provisions

Group	Deferred tax (note 24)	**Total**
	£	**£**
At 1 January 2022	802,655	802,655
Charges against provisions	(57,450)	(57,450)
At 31 December 2022	745,205	745,205

Parent Company	Deferred tax (note 24)	**Total**
	£	**£**
At 1 January 2022	58,258	58,258
Charges against provisions	51,512	51,512
At 31 December 2022	109,770	109,770

24. Deferred tax

The deferred tax included in the statement of financial position is as follows:

Group	**2022**	2021
	£	£
Included in debtors (note 19)	-	3,854
Included in provisions (note 23)	(745,205)	(802,655)
	(745,205)	(798,801)

Parent Company	**2022**	2021
	£	£
Included in debtors (note 19)	-	3,854
Included in provisions (note 23)	(109,770)	(58,258)
	(109,770)	(54,404)

The deferred tax account consists of the tax effect of timing differences in respect of:

Group	**2022**	2021
	£	£
Accelerated capital allowances	(745,205)	(802,655)
Share-based payments	-	3,854
	(745,205)	(798,801)

Parent Company	**2022**	2021
	£	£
Accelerated capital allowances	(109,770)	(58,258)
Share-based payments	-	3,854
	(109,770)	(54,404)

25. Employee benefits

The amount recognised in group profit or loss in relation to defined contribution plans was £196,690 (2021: £177,278).

Unpaid group pension contributions at the year end date amounted to £nil (2021: £6,394).

26. Share-based payments

Share options in the parent company have been granted to a senior executive and the exercise price of the options is equal to the actual market price of the shares on the date of grant as agreed with HM Revenue & Customs. The options vest if the employee remains in service for the duration of the exercisable period from the date of grant. The contractual life of the options is ten years.

On 8 December 2022, the share options were exercised in full resulting in the issue of 10,101 ordinary shares at a nominal value of £1 each.

Details of the number and weighted average exercise prices (WAEP) of share options during the year are as follows:

	2022 No.	**2022** WAEP	2021 No.	2021 WAEP
Outstanding at 1 January 2022	10,101	15.26	-	-
Granted during the year	-	-	10,101	15.26
Exercised during the year	(10,101)	15.26	-	-
Outstanding at 31 December 2022	-	-	10,101	15.26

The total expense recognised in profit or loss for the year is as follows:

	2022 £	2021 £
Equity-settled share-based payments	-	15,413

The fair value of equity-settled share options granted is based on the actual market value of an option share as agreed with HM Revenue & Customs at the date the options were granted.

27. Government grants

Group	**2022**	2021
	£	£
At start of period	22,500	45,000
Released to profit or loss	(22,500)	(22,500)
At end of period	-	22,500

Parent Company	**2022**	2021
	£	£
At start of period	-	-
At end of period	-	-

The amounts recognised in the group financial statements for government grants are as follows:

	2022	2021
	£	£
Recognised in creditors:		
Deferred government grants due within one year	-	22,500
Recognised in other operating income:		
Government grants recognised directly in income	-	4,055
Government grants released to profit or loss	22,500	22,500
	22,500	26,555

Grants received for capital items are released to the income statement in instalments over the expected useful economic life of the related assets on a basis consistent with that asset's depreciation policy.

UK Government funded grants received in relation to the Coronavirus Job Retention Scheme have been recognised directly in income.

28. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No	**£**	No	£
Ordinary A shares of £ 1.00 each	376,652	376,652	376,652	376,652
Ordinary B shares of £ 1.00 each	41,850	41,850	41,850	41,850
Ordinary D shares of £ 1.00 each	22,026	22,026	11,925	11,925
	440,528	440,528	430,427	430,427

Share movements

	No	£
Ordinary D:		
At 1 January 2022	11,925	11,925
Issue of shares under share options	10,101	10,101
At 31 December 2022	22,026	22,026

On 8 December 2022, share options were exercised in full resulting in the issue of 10,101 ordinary shares at a nominal value of £1 each. A charge of £144,040 was allocated to the share premium account in respect of these shares on the basis that the market value on exercise as agreed at the date of the grant of option was over and above the nominal value per ordinary share.

29. Reserves

The Share premium account reserve records the amount above the nominal value received for shares sold, less transaction costs.

The Capital redemption reserve records the nominal value of shares repurchased by the group.

The Share option reserve records the accumulated fair value of share options charged to profit or loss over the vesting period to reflect the best estimate of the number of options that will eventually vest.

The Profit and loss account reserve records retained earnings and accumulated losses.

30. Analysis of changes in group net debt

	At 1 January 2022	Cash flows	At 31 December 2022
	£	£	£
Cash and cash equivalents	4,002,742	(944,714)	3,058,028
Debt due within one year	(4,009,591)	1,078,722	(2,930,869)
Debt due after one year	(5,723,698)	684,670	(5,039,028)
	(5,730,547)	818,678	(4,911,869)

31. Capital commitments

The group did not enter into any contracts before the year end date to purchase plant and equipment where delivery, installation and use of such capital expenditure was carried out after the year end.

32. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

Group	**2022**	2021
	£	£
Not later than 1 year	121,506	124,828
Later than 1 year and not later than 5 years	65,728	16,275
	187,234	141,103

The group uses operating leases to hire plant & machinery and motor vehicles. These leases have terms of renewal which are at the option of the lessee.

Parent Company	**2022**	2021
	£	£
Not later than 1 year	91,760	83,337
Later than 1 year and not later than 5 years	61,776	-
	153,536	83,337

The company uses operating leases to hire plant & machinery and motor vehicles. These leases have terms of renewal which are at the option of the lessee.

33. Directors advances, credits and guarantees

During the year the directors entered into the following advances and credits with the group:

2022

	Balance brought forward	Advances /(credits) to the directors	Balance o/standing
	£	£	£
Mr J D Harrison	(2,891,064)	1,150,877	(1,740,187)
Mr S Cox	(154,141)	43,395	(110,746)
	(3,045,205)	1,194,272	(1,850,933)

2021

	Balance brought forward	Advances /(credits) to the directors	Balance o/standing
	£	£	£
Mr J D Harrison	(2,520,357)	(370,707)	(2,891,064)
Mr S Cox	-	(154,141)	(154,141)
	(2,520,357)	(524,848)	(3,045,205)

No interest is payable on loan amounts due to and from directors and loans are repayable on demand.

34. Related party transactions

During the year, the group occupied premises owned by the director, J D Harrison and rent amounting to £36,000 (2021: £36,000), arrived at on a commercial basis, was paid for the use of these premises.

Dividends were paid to the directors and close family during the year totalling £773,691 (2021: £862,945).

35. Key management personnel

The board consider that key management is effectively comprised of the directors only.

36. Controlling party

The group is under the control of its director, J D Harrison, by virtue of his shareholding.