

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2022**
for
Smartcomm Ltd

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for the Year Ended 31 December 2022**

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Smartcomm Ltd

**Company Information
for the Year Ended 31 December 2022**

DIRECTORS:

S Worrell
A J Stearn
A Godfrey

SECRETARY:

M Calder

REGISTERED OFFICE:

Halifax Road
Cressex Business Park
High Wycombe
Buckinghamshire
HP12 3SN

REGISTERED NUMBER:

03800523 (England and Wales)

AUDITORS:

Haines Watts (Berkhamsted) Limited
Chartered Accountants and
Statutory Auditors
4 Claridge Court
Lower Kings Road
Berkhamsted
Hertfordshire
HP4 2AF

**Strategic Report
for the Year Ended 31 December 2022**

The company provides specialist system design, supply, installation and maintenance of Audio Visual and IT solutions into the Commercial, Hotel and Prime Residential sectors.

RESULTS AND PERFORMANCE

The results of the company are set out on page 9 and show a loss on ordinary activities before tax of £773,945 (2021: Profit of £19,717). The shareholders' funds of the company total £92,137 (2021: £866,082).

The financial statements for 2022 illustrate a second wave of impact from the pandemic period. Whilst revenue remained at a similar level to 2021 it did not recover to the pre-pandemic levels as predicted and profitability was heavily impacted due stock availability, stock & labour price increases on fixed price contracts. This impact continued throughout 2022 and into Q1 of 2023, where after the historical legacy projects were completed and the turnaround began with the projects that had been secured with the latest pricing and using stock that was more freely available. The revenue levels remain similar in 2023 with further growth to come in 2024 and beyond.

STRATEGY

The company continues to operate through three divisions, Commercial, Residential & Hospitality, and Managed Services & Support. This continues to allow for the optimisation of skill sets and experience into each of the three sectors as well as financial transparency of each division. Work continues across the business to improve processes, governance, efficiencies, productivity, and scalability whilst maximising procurement opportunities to increase margins in future reporting periods. The profits generated will continue to be reinvested in the business to ensure financial stability for the future.

BUSINESS RISKS AND UNCERTAINTIES

The business continued to see certain cash constraints in 2023 as it continues to recover from the restricted trading and negative profit position.

The sales order book and pipeline carried forward into 2023 ensured a return to profitability in Q2 2023 and forecasted to continue throughout the remainder of the year.

The focus remains on ensuring the long-term future of the business, high quality project delivery for clients and maximising job security for our employees. Although delayed and longer than originally anticipated, Smartcomm is now positively reporting its recovery and forecasts being back to pre- pandemic turnover levels by Q1 of 2024.

KEY TRADING PERFORMANCE FACTORS

Although revenue did not increase from 2021 it has remained stable for 2022 and 2023. However, with restructure and efficiency plans being implemented we are forecasting a return to profits.

THE FUTURE

In the long term, the company forecasts continued sales growth across all divisions especially in the Commercial, Hospitality and Service sectors and intends to continue the policy of investing profits to finance future growth. As outlined above, whilst the 2022 results continued to be impacted by the aftermath of the pandemic, the historical legacy projects slowly dropped away meaning a fresh start on new unhindered projects. This has had an immediate impact in 2023 and forecasts report that this will continue throughout the year. The recovery continued throughout 2023 with a return to pre-pandemic levels in 2024.

ON BEHALF OF THE BOARD:

S Worrell - Director

12 March 2024

**Report of the Directors
for the Year Ended 31 December 2022**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of designing, supplying, installing and servicing audio visual and communication equipment and systems.

DIVIDENDS

Dividends to be distributed within the year £nil (2021: £nil).

DIRECTORS

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

S Worrell
A J Stearn
A Godfrey

Other changes in directors holding office are as follows:

H C Keats ceased to be a director after 31 December 2022 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**Report of the Directors
for the Year Ended 31 December 2022**

AUDITORS

The auditors, Haines Watts (Berkhamsted) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S Worrell - Director

12 March 2024

Report of the Independent Auditors to the Members of Smartcomm Ltd

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**Report of the Independent Auditors to the Members of
Smartcomm Ltd**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Smartcomm Ltd

Auditors' responsibilities for the audit of the financial statements

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: Companies Act 2006, UK GAAP, the UK Corporate Governance Code and the Data Protection Act.
 - We obtained an understanding of how the company is complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes, other relevant meeting minutes and review of correspondence with regulatory bodies.
 - We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.
- Audit procedures performed by the audit team included:

- Identifying and assessing the controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgments made by management in its significant accounting estimates and judgments.
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Assessing the extent of compliance with the relevant laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, 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 or intentional misrepresentations, or through collusion.

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

**Report of the Independent Auditors to the Members of
Smartcomm Ltd**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bianca Permal (FCA) (Senior Statutory Auditor)
for and on behalf of Haines Watts (Berkhamsted) Limited
Chartered Accountants and
Statutory Auditors
4 Claridge Court
Lower Kings Road
Berkhamsted
Hertfordshire
HP4 2AF

12 March 2024

**Statement of Comprehensive
Income
for the Year Ended 31 December 2022**

	Notes	31.12.22 £	31.12.21 £
TURNOVER	3	22,905,937	22,954,161
Cost of sales		<u>20,052,324</u>	<u>19,990,362</u>
GROSS PROFIT		2,853,613	2,963,799
Administrative expenses		<u>3,501,122</u> (647,509)	<u>2,933,928</u> 29,871
Other operating income		<u>-</u>	<u>83,961</u>
OPERATING (LOSS)/PROFIT	5	(647,509)	113,832
Interest payable and similar expenses	6	<u>126,436</u>	<u>94,115</u>
(LOSS)/PROFIT BEFORE TAXATION		(773,945)	19,717
Tax on (loss)/profit	7	<u>-</u>	<u>(3,237)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(773,945)	22,954
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(773,945)</u>	<u>22,954</u>

The notes form part of these financial statements

Balance Sheet
31 December 2022

	Notes	31.12.22 £	£	31.12.21 £	£
FIXED ASSETS					
Tangible assets	8		726,124		765,269
CURRENT ASSETS					
Stocks	9	991,922		521,654	
Debtors	10	6,047,424		7,128,566	
Cash at bank and in hand		<u>909,182</u>		<u>380,839</u>	
		7,948,528		8,031,059	
CREDITORS					
Amounts falling due within one year	11	<u>8,079,746</u>		<u>7,123,156</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(131,218)</u>		<u>907,903</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			594,906		1,673,172
CREDITORS					
Amounts falling due after more than one year	12		(447,754)		(752,075)
PROVISIONS FOR LIABILITIES	16		<u>(55,015)</u>		<u>(55,015)</u>
NET ASSETS			<u><u>92,137</u></u>		<u><u>866,082</u></u>
CAPITAL AND RESERVES					
Called up share capital	17		1,000		1,000
Share premium	18		149,000		149,000
Retained earnings	18		<u>(57,863)</u>		<u>716,082</u>
SHAREHOLDERS' FUNDS			<u><u>92,137</u></u>		<u><u>866,082</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 12 March 2024 and were signed on its behalf by:

S Worrell - Director

**Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2021	1,000	693,128	149,000	843,128
Changes in equity				
Total comprehensive income	-	22,954	-	22,954
Balance at 31 December 2021	1,000	716,082	149,000	866,082
Changes in equity				
Total comprehensive income	-	(773,945)	-	(773,945)
Balance at 31 December 2022	1,000	(57,863)	149,000	92,137

The notes form part of these financial statements

Cash Flow Statement
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
Cash flows from operating activities			
Cash generated from operations	1	655,056	(278,609)
Interest paid		(124,407)	(92,833)
Interest element of hire purchase payments paid		(2,029)	(1,282)
Net cash from operating activities		<u>528,620</u>	<u>(372,724)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(205,755)	(159,258)
Sale of tangible fixed assets		8,400	-
Net cash from investing activities		<u>(197,355)</u>	<u>(159,258)</u>
Cash flows from financing activities			
New loans in the year		500,000	175,000
New HP in the year		54,948	53,935
Capital repayments in year		(357,870)	(367,079)
Net cash from financing activities		<u>197,078</u>	<u>(138,144)</u>
Increase/(decrease) in cash and cash equivalents		<u>528,343</u>	<u>(670,126)</u>
Cash and cash equivalents at beginning of year	2	380,839	1,050,965
Cash and cash equivalents at end of year	2	<u>909,182</u>	<u>380,839</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2022**

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.22	31.12.21
	£	£
(Loss)/profit before taxation	(773,945)	19,717
Depreciation charges	244,901	241,347
Profit on disposal of fixed assets	(8,400)	-
Finance costs	126,436	94,115
	<u>(411,008)</u>	<u>355,179</u>
(Increase)/decrease in stocks	(470,268)	7,356
Decrease/(increase) in trade and other debtors	1,081,142	(2,265,136)
Increase in trade and other creditors	455,190	1,623,992
Cash generated from operations	<u><u>655,056</u></u>	<u><u>(278,609)</u></u>

2. CASH AND CASH EQUIVALENTS

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

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>909,182</u>	<u>380,839</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>380,839</u>	<u>1,050,965</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank and in hand	380,839	528,343	909,182
	<u>380,839</u>	<u>528,343</u>	<u>909,182</u>
Debt			
Finance leases	(441,338)	109,671	(331,667)
Debts falling due within 1 year	(193,250)	(500,000)	(693,250)
Debts falling due after 1 year	(461,250)	193,250	(268,000)
	<u>(1,095,838)</u>	<u>(197,079)</u>	<u>(1,292,917)</u>
Total	<u><u>(714,999)</u></u>	<u><u>331,264</u></u>	<u><u>(383,735)</u></u>

**Notes to the Financial Statements
for the Year Ended 31 December 2022**

1. STATUTORY INFORMATION

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The presentation currency of these financial statements is in sterling and they are rounded to the nearest £.

The financial statements have been prepared on a going concern basis under the historical cost convention. The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. The Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Significant judgements and estimates

In preparing the financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. These assumptions are reassessed annually as part of the accounts preparation process.

The significant judgements that the directors have made in applying the Company's accounting policies that have the most significant effect on the statutory financial statements are discussed below:

- Bad debt provision

The company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability, the directors have considered factors such as the ageing of debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

- Stock provision

At the end of each reporting period stock are assessed for impairment. If an item of stock is impaired, the stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of Comprehensive Income.

- Depreciation policy

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of other assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The remaining useful economic life of the tangible fixed assets is considered a source of significant estimation uncertainty.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover from the sale of goods is recognised when goods have been delivered to customers such that risks and rewards of ownership have transferred to them. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

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

Improvements to leasehold	10% on cost
Plant and machinery	10-50% on cost
Fixtures and fittings	20-50% on cost
Motor vehicles	25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments at amortised cost

The company trade debtor and creditor balances are measured at amortised cost taking into account bad debt provisions or write offs respectively.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

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

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

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

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

3. TURNOVER

The turnover and loss (2021 - profit) before taxation are attributable to the one principal activity of the company.

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

	31.12.22	31.12.21
	£	£
Services	22,905,937	22,954,161
	<u>22,905,937</u>	<u>22,954,161</u>

An analysis of turnover by geographical market for the year ended 31 December 2021 is given below:

	£
United Kingdom	22,812,161
Europe	142,000
	<u>22,954,161</u>

This analysis is not considered to be applicable to the year ended 31 December 2022.

4. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21
	£	£
Wages and salaries	5,004,660	4,678,282
Social security costs	600,139	521,286
Other pension costs	153,296	133,605
	<u>5,758,095</u>	<u>5,333,173</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 20224. **EMPLOYEES AND DIRECTORS - continued**

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

	31.12.22	31.12.21
Direct costs	64	61
Administrative	39	36
Directors	4	4
	<u>107</u>	<u>101</u>

	31.12.22	31.12.21
	£	£
Directors' remuneration	<u>625,025</u>	<u>498,500</u>

Information regarding the highest paid director is as follows:

	31.12.22	31.12.21
	£	£
Emoluments etc	<u>211,375</u>	<u>186,300</u>

5. **OPERATING (LOSS)/PROFIT**

The operating loss (2021 - operating profit) is stated after charging/(crediting):

	31.12.22	31.12.21
	£	£
Depreciation - owned assets	244,900	241,347
Profit on disposal of fixed assets	(8,400)	-
Trade receivables - provision for bad debts	4,556	38,822
Auditors remuneration	15,000	13,650
Inventories recognised as an expense	<u>11,511,397</u>	<u>12,604,794</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.22	31.12.21
	£	£
Other loan interest	124,407	92,833
Hire purchase	2,029	1,282
	<u>126,436</u>	<u>94,115</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

7. TAXATION**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	31.12.22	31.12.21
	£	£
Deferred tax	-	(3,237)
Tax on (loss)/profit	-	(3,237)

UK corporation tax has been charged at 19% (2021 - 19%).

Reconciliation of total tax credit included in profit and loss

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

	31.12.22	31.12.21
	£	£
(Loss)/profit before tax	(773,945)	19,717
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(147,050)	3,746
Effects of:		
Expenses not deductible for tax purposes	371,622	284,462
Capital allowances in excess of depreciation	-	(43,590)
Depreciation in excess of capital allowances	1,940	-
Timing difference adjustment	(226,512)	(247,855)
Total tax credit	-	(3,237)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

8. TANGIBLE FIXED ASSETS

	Improvements to leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2022	568,734	256,876	948,452	150,732	1,924,794
Additions	-	24,500	126,307	54,948	205,755
Disposals	-	-	-	(20,514)	(20,514)
At 31 December 2022	<u>568,734</u>	<u>281,376</u>	<u>1,074,759</u>	<u>185,166</u>	<u>2,110,035</u>
DEPRECIATION					
At 1 January 2022	143,308	232,506	692,445	91,266	1,159,525
Charge for year	54,016	4,099	159,277	27,508	244,900
Eliminated on disposal	-	-	-	(20,514)	(20,514)
At 31 December 2022	<u>197,324</u>	<u>236,605</u>	<u>851,722</u>	<u>98,260</u>	<u>1,383,911</u>
NET BOOK VALUE					
At 31 December 2022	<u>371,410</u>	<u>44,771</u>	<u>223,037</u>	<u>86,906</u>	<u>726,124</u>
At 31 December 2021	<u>425,426</u>	<u>24,370</u>	<u>256,007</u>	<u>59,466</u>	<u>765,269</u>

9. STOCKS

	31.12.22 £	31.12.21 £
Stocks	<u>991,922</u>	<u>521,654</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22 £	31.12.21 £
Trade debtors	3,387,199	3,811,361
Other debtors	719,901	195,741
Prepayments and accrued income	<u>1,940,324</u>	<u>3,121,464</u>
	<u>6,047,424</u>	<u>7,128,566</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22 £	31.12.21 £
Bank loans and overdrafts (see note 13)	693,250	193,250
Hire purchase contracts (see note 14)	151,913	150,513
Trade creditors	4,452,010	4,965,555
Social security and other taxes	451,464	713,117
Other creditors	28,407	26,280
Accruals and deferred income	<u>2,302,702</u>	<u>1,074,441</u>
	<u>8,079,746</u>	<u>7,123,156</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

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

	31.12.22	31.12.21
	£	£
Bank loans (see note 13)	-	193,250
Other loans (see note 13)	268,000	268,000
Hire purchase contracts (see note 14)	179,754	290,825
	<u>447,754</u>	<u>752,075</u>

Other long term creditors and loans bear interest at 6-12% per annum and have no fixed repayment terms.

13. LOANS

An analysis of the maturity of loans is given below:

	31.12.22	31.12.21
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>693,250</u>	<u>193,250</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>193,250</u>
Amounts falling due between two and five years:		
Other loans	<u>268,000</u>	<u>268,000</u>

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.22	31.12.21
	£	£
Net obligations repayable:		
Within one year	151,913	150,513
Between one and five years	<u>179,754</u>	<u>290,825</u>
	<u>331,667</u>	<u>441,338</u>
	Non-cancellable	operating leases
	31.12.22	31.12.21
	£	£
Within one year	151,913	150,513
Between one and five years	<u>179,754</u>	<u>289,865</u>
	<u>331,667</u>	<u>440,378</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

15. SECURED DEBTS

The hire purchase contracts are secured on the assets concerned. The Thincats Loan contains fixed and floating charges which is secured upon property, assets and rights not otherwise effectively mortgaged.

16. PROVISIONS FOR LIABILITIES

	31.12.22	31.12.21
	£	£
Deferred tax	<u>55,015</u>	<u>55,015</u>
		Deferred tax
		£
Balance at 1 January 2022		<u>55,015</u>
Balance at 31 December 2022		<u>55,015</u>

There is an unrecognised deferred tax asset totalling £272,335 (2021:£78,704) in respect of unutilised tax losses being carried forward.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.22	31.12.21
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

18. RESERVES

	Retained earnings	Share premium	Totals
	£	£	£
At 1 January 2022	716,082	149,000	865,082
Deficit for the year	<u>(773,945)</u>	<u>-</u>	<u>(773,945)</u>
At 31 December 2022	<u>(57,863)</u>	<u>149,000</u>	<u>91,137</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

19. RELATED PARTY DISCLOSURES

S Worrell, a director, has provided the company finance provider, Thincats, with a letter of guarantee for £160,000 for which a fee of £9,600 has been paid. He also has provided the company finance providers, Whetstone Properties Limited & Student Urban Living Leicester Limited, with letter of guarantee for £159,091 each (2021: £Nil). S Worrell is owed £175,000 (2021: £175,000) at the year end.

Mrs P F Worrell, a shareholder of the company, is owed £35,300 (2021: £35,300) at the year end.

A Stearn, a shareholder of the company, is owed £6,000 (2021: £6,000) at the year end. He also has provided the company finance providers, Whetstone Properties Limited & Student Urban Living Leicester Limited, with letter of guarantee for £45,455 each.

M Allen, a shareholder of the company, is owed £6,000 (2021: £6,000) at the year end. M Allen has also provided the company finance provider, Thincats, with a letter of guarantee for £40,000 for which a fee of £2,400 has been paid. He also has provided the company finance providers, Whetstone Properties Limited & Student Urban Living Leicester Limited, with letter of guarantee for £45,455 each.

Britania Limited which is controlled by R J Kendrick who is a shareholder, is owed £45,700 (2021: £45,700) at the year end.

20. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party, as individually no shareholder has control.

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