

**XL JOINERY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**XL JOINERY LIMITED**

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**COMPANY INFORMATION**

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**Directors** J N Kamaruddin (resigned 21 August 2023)  
A F Mohamad  
A B Abdul-Halim  
U S Ungku-Ahmad

**Registered number** 03833043

**Registered office** Holden Ing Way  
Birstall, Batley  
West Yorkshire  
WF17 9AD

**Independent auditors** Sumer Auditco Limited  
14th Floor  
33 Cavendish Square  
London  
W1G 0PW

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**XL JOINERY LIMITED**

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## XL JOINERY LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Business review

The ongoing impact of COVID 19 on global supply chains and shipping has continued to suppress turnover and margins. As expected, the trend started to soften due to economic factor, inflation and cost of living increases coupled with rising shipping rates from the disruptions.

Quality of product and service, along with leadership in environmental sustainability continue to be core to the offering of the business.

#### Principal risks and uncertainties

The directors are constantly reviewing market conditions and competitor activity in order to maintain continued trade with existing customers and new customers.

The Company is exposed to exchange rate fluctuations on imported goods. Foreign exchange risks are somewhat mitigated by the use of foreign currency bank accounts and hedging.

#### Key performance indicators

The company's key financial performance indicators during the year were as follows:

	Unit	2022	2021
Turnover	£	28,577,093	33,621,889
Turnover change	%	(15.00)	2.19
Gross profit margin	%	10.01	16.45
(Loss) / profit before tax (per P&L account)	£	(2,813,054)	346,829

This report was approved by the board on 19 December 2023 and signed on its behalf.

.....  
**A F Mohamad**

Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Company's financial statements 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 to 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.

**Principal activity**

The principal activity of the Company continued to be that of the sale and distribution of wooden doors and other joinery products.

**Results and dividends**

The loss for the year, after taxation, amounted to £2,777,716 (2021 - profit £283,279).

No dividends were paid during the year (2021: Nil). The directors do not recommend payment of a final dividend (2021: £Nil).

**Directors**

The directors who served during the year were:

J N Kamaruddin (resigned 21 August 2023)  
A F Mohamad  
A B Abdul-Halim  
U S Ungku-Ahmad

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Future developments**

The Company will continue to invest in developing its product and service offering to enable further growth. The Company strongly believes in minimising its impact on the environment and will continue to adopt low carbon practices and offer sustainably sourced products.

**Financial instruments**

The Company's principal financial instruments comprise trade debtors, trade finance, other loans, trade creditors and amounts owed to related undertakings. The main purpose of these instruments is to raise funds for the company's operations and to finance them. Owing to the nature of the financial instruments used there is no exposure to price risk.

The Company's approach to managing other risks applicable to the financial instruments concerned is set out below.

**Liquidity risk**

In respect of loans, the liquidity risk is managed by virtue of the flexible terms inherent within these facilities.

Trade creditors and amounts owed to related undertakings all arise from trading transactions and the liquidity risk is managed from income generation and the use of the company's borrowing facilities.

**Credit risk**

Trade debtors, credit and cash flow risks are managed by policies concerning the credit offered to customers and the monitoring of amounts outstanding in terms of time and credit limits.

**Foreign exchange risk**

The directors continually monitor relevant foreign currency exchange rates, and hedging strategies are employed to mitigate the risk of adverse movements in those exchange rates.

**Matters covered in the Strategic Report**

The following information has been included in the strategic report:

- A business review
- Principal risks and uncertainties
- Financial key performance indicators

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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**XL JOINERY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Going concern**

The directors have produced forecast for the period up to December 2024, considering possible changes in trading performance and the market conditions, such as Covid 19, freight cost, rising inflation and its impact on current UK cost of living crisis. The forecast demonstrates that profit margin will improve and the company will continue to have sufficient cash reserves to meet its obligation as they fall due.

The directors therefore have reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future as a going concern.in operational existence for a period of at least 12 months from the date of approval of these financial statements.

**Auditors**

Simmons Gainsford LLP, the previous auditors, have transferred their audit business to Sumer Auditco Limited who will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 December 2023 and signed on its behalf.

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**A F Mohamad**

Director

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XL JOINERY LIMITED

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**Opinion**

We have audited the financial statements of XL Joinery Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 United Kingdom, including the Financial Reporting Council'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.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XL JOINERY LIMITED (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XL JOINERY LIMITED (CONTINUED)**

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**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 an Auditors' 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 considered 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 of the Company and industry, we identified and assessed the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the financial statements. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK financial reporting standards, Tax and Pensions legislation, and distributable profits legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XL JOINERY LIMITED (CONTINUED)

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**Use of our report**

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

Abdultaiyab Pisavadi BSc FCA (Senior Statutory Auditor)

for and on behalf of

**Sumer Auditco Limited**

Statutory Auditors

14th Floor

33 Cavendish Square

London

W1G 0PW

19 December 2023

XL JOINERY LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	28,577,093	33,621,889
Cost of sales		(25,690,822)	(28,091,927)
<b>Gross profit</b>		<u>2,886,271</u>	<u>5,529,962</u>
Administrative expenses		(5,937,134)	(5,156,177)
Other operating income	5	800	56,305
<b>Operating (loss)/profit</b>	6	<u>(3,050,063)</u>	<u>430,090</u>
Interest receivable and similar income	9	562,809	159,910
Interest payable and similar expenses	10	(325,800)	(243,171)
<b>(Loss)/profit before tax</b>		<u>(2,813,054)</u>	<u>346,829</u>
Tax on (loss)/profit	11	35,338	(63,550)
<b>(Loss)/profit for the financial year</b>		<u><u>(2,777,716)</u></u>	<u><u>283,279</u></u>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 15 to 33 form part of these financial statements.

**XL JOINERY LIMITED**  
**REGISTERED NUMBER: 03833043**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets		22,341	-
Tangible assets	13	250,743	419,220
		<u>273,084</u>	<u>419,220</u>
<b>Current assets</b>			
Stocks	15	7,523,884	7,278,997
Debtors: amounts falling due after more than one year	16	297,000	357,000
Debtors: amounts falling due within one year	16	12,181,136	14,084,827
Cash at bank and in hand		193,531	205,326
		<u>20,195,551</u>	<u>21,926,150</u>
Creditors: amounts falling due within one year	17	(11,716,109)	(10,770,358)
<b>Net current assets</b>		<u>8,479,442</u>	<u>11,155,792</u>
<b>Total assets less current liabilities</b>		<u>8,752,526</u>	<u>11,575,012</u>
Creditors: amounts falling due after more than one year	18	(5,503)	(14,935)
<b>Provisions for liabilities</b>			
Deferred tax	19	-	(35,338)
		<u>-</u>	<u>(35,338)</u>
<b>Net assets</b>		<u><u>8,747,023</u></u>	<u><u>11,524,739</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	1,250,000	1,250,000
Profit and loss account		7,497,023	10,274,739
		<u><u>8,747,023</u></u>	<u><u>11,524,739</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2023.

.....  
**A F Mohamad**

Director

The notes on pages 15 to 33 form part of these financial statements.

XL JOINERY LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	1,250,000	10,274,739	11,524,739
<b>Comprehensive income for the year</b>			
Loss for the year	-	(2,777,716)	(2,777,716)
<b>At 31 December 2022</b>	<u>1,250,000</u>	<u>7,497,023</u>	<u>8,747,023</u>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	1,250,000	9,991,460	11,241,460
<b>Comprehensive income for the year</b>			
Profit for the year	-	283,279	283,279
<b>At 31 December 2021</b>	<u>1,250,000</u>	<u>10,274,739</u>	<u>11,524,739</u>

The notes on pages 15 to 33 form part of these financial statements.

XL JOINERY LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(2,777,716)	283,279
<b>Adjustments for:</b>		
Amortisation of intangible assets	2,484	-
Depreciation of tangible assets	178,894	187,003
Loss on disposal of tangible assets	73	2,057
Interest paid	325,800	243,171
Interest received	(562,809)	(159,910)
Taxation charge	(35,338)	63,550
(Increase) in stocks	(244,887)	(2,709,430)
Decrease in debtors	2,074,523	53,836
Increase/(decrease) in creditors	2,517,764	(944,757)
Corporation tax received/(paid)	-	(153,019)
<b>Net cash generated from operating activities</b>	<b>1,478,788</b>	<b>(3,134,220)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(24,825)	-
Purchase of tangible fixed assets	(10,490)	(29,388)
Interest received	163,840	159,910
HP interest paid	(728)	(728)
<b>Net cash from investing activities</b>	<b>127,797</b>	<b>129,794</b>
<b>Cash flows from financing activities</b>		
New secured loans	-	1,004,297
Repayment of loans	(2,291,150)	-
Other new loans	118,569	1,991,806
Repayment of finance leases	(9,432)	(9,432)
Interest paid	(325,072)	(123,571)
Net receipt/(payment) on derivatives	398,969	(118,872)
<b>Net cash used in financing activities</b>	<b>(2,108,116)</b>	<b>2,744,228</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(501,531)</b>	<b>(260,198)</b>
Cash and cash equivalents at beginning of year	205,326	465,524
<b>Cash and cash equivalents at the end of year</b>	<b>(296,205)</b>	<b>205,326</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		

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XL JOINERY LIMITED

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STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022

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	2022 £	2021 £
Cash at bank and in hand	193,531	205,326
Bank overdrafts	(489,736)	-
	<u>(296,205)</u>	<u>205,326</u>

The notes on pages 15 to 33 form part of these financial statements.



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**XL JOINERY LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	<b>At 1 January 2022 £</b>	<b>Cash flows £</b>	<b>At 31 December 2022 £</b>
Cash at bank and in hand	205,326	(11,795)	193,531
Bank overdrafts	-	(489,736)	(489,736)
Debt due within 1 year	(8,477,092)	2,172,581	(6,304,511)
Finance leases	(24,367)	9,432	(14,935)
	<u>(8,296,133)</u>	<u>1,680,482</u>	<u>(6,615,651)</u>

The notes on pages 15 to 33 form part of these financial statements.

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

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**1. General information**

XL Joinery Limited is a private company limited by shares incorporated in England and Wales. The registered office is Holden Ing Way, Birstall, Batley, West Yorkshire, WF17 9AD.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in Sterling, which is the functional and presentational currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**2.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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**2. Accounting policies (continued)**

**2.4 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website costs	-	5	years
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**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- straight line over 3, 5 or 10 years
Fixtures and fittings	- straight line over 5 years
Office equipment	- straight line over 3 years
Other fixed assets	- straight line over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

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

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**2. Accounting policies (continued)**

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.8 Financial instruments**

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

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

**Basic financial assets**

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

**Financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the

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

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**2. Accounting policies (continued)**

**2.8 Financial instruments (continued)**

effective interest method. Discounting is omitted where the effect of discounting is immaterial.

**Derecognition of financial instruments**

**Derecognition of financial assets**

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

**Derecognition of financial liabilities**

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

**2.9 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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**2. Accounting policies (continued)**

**2.10 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.11 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.12 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.13 Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised.

Grant accounting has been applied to the Coronavirus Job Retention Scheme ('Furlough') launched as part of HM Government's response to the Covid-19 pandemic. This is shown within Other operating income.

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

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**2. Accounting policies (continued)**

**2.14 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.15 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.16 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.17 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.18 Debtors**

Debtors are initially measured at the transaction price and are measured subsequently carried at amortised cost using the effective interest method, less any impairment. Debtors classified as due within one year are not amortised.

**2.19 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.20 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**2.21 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

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

2. Accounting policies (continued)

2.22 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the process of applying the company's accounting policies, the directors have made the following judgements, which have most significant effect on the amounts recognised in the financial statements:

**Impairment of stock**

Stock is held at the lower of cost and net realisable value. The estimation of the recoverable value of the stock is inherently subjective. The Company has a provision that is specific to stock items that are classified as culled products.

**Recoverable value of recognised receivables**

The recoverability of trade and other receivables is regularly reviewed in light of available economic information specific to each receivable and provisions are recognised for balances considered irrecoverable. The Company reviews the ageing analysis of debtors on a regular basis.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sale of goods	<u>28,577,093</u>	<u>33,621,889</u>

All turnover arose within the United Kingdom.



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XL JOINERY LIMITED

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

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5. Other operating income

	2022	2021
	£	£
Other operating income	<u>800</u>	<u>56,305</u>

The Company received £Nil (2021: £56,305) during the year relating to the Coronavirus Job Retention Scheme.

6. Operating (loss)/profit

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

	2022	2021
	£	£
Depreciation of owned intangible fixed assets	2,484	-
Depreciation of owned tangible fixed assets	178,894	187,003
Exchange differences	217,657	(81,387)
Operating lease rentals - property	668,000	490,000
Operating lease rentals- other	<u>114,396</u>	<u>119,282</u>

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>25,000</u>	<u>25,000</u>

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**XL JOINERY LIMITED**

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

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**8. Employees**

Staff costs were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,173,035	2,217,923
Social security costs	216,771	225,142
Cost of defined contribution scheme	59,864	61,221
	<u>2,449,670</u>	<u>2,504,286</u>

The directors received no emoluments or benefits from the Company for their service in the current or prior year.

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Management and administrative	46	47
Distribution and warehouse	29	30
Directors	4	4
	<u>79</u>	<u>81</u>

**9. Interest receivable**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Gain on financial instruments held at FVTPL	398,969	-
Other interest receivable	163,840	159,910
	<u>562,809</u>	<u>159,910</u>

XL JOINERY LIMITED

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

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	210,464	87,824
Losses on financial instruments held at FVTPL	-	118,872
Finance leases and hire purchase contracts	728	728
Interest on invoice finance arrangements	114,608	35,747
	<u>325,800</u>	<u>243,171</u>

11. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	73,048
<b>Total current tax</b>	<u>-</u>	<u>73,048</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(35,338)	(9,498)
<b>Total deferred tax</b>	<u>(35,338)</u>	<u>(9,498)</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(35,338)</u>	<u>63,550</u>

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

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(2,813,054)	346,829
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(534,480)	65,898
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,944	(8,037)
Depreciation for year in excess of capital allowances	17,908	19,273
Adjustments to tax charge in respect of prior periods	73,007	-
Short-term timing difference leading to an increase (decrease) in taxation	(35,338)	(9,498)
Unrelieved tax losses carried forward	419,648	-
Group relief	16,973	(4,086)
<b>Total tax charge for the year</b>	<b>(35,338)</b>	<b>63,550</b>

Factors that may affect future tax charges

Due to the inherent uncertainty regarding the timing of future taxable profits, a deferred tax asset has not been recognised on carried forward tax losses of £2,208,673 (2021: £nil).

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XL JOINERY LIMITED

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

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12. Intangible assets

	Website costs £
<b>Cost</b>	
Additions	24,825
At 31 December 2022	<u>24,825</u>
<b>Amortisation</b>	
Charge for the year on owned assets	2,484
At 31 December 2022	<u>2,484</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>22,341</u></u>
At 31 December 2021	<u><u>-</u></u>

XL JOINERY LIMITED

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

13. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2022	539,092	526,942	308,633	1,374,667
Additions	-	3,190	7,300	10,490
Disposals	(311)	(302)	(94,754)	(95,367)
At 31 December 2022	538,781	529,830	221,179	1,289,790
<b>Depreciation</b>				
At 1 January 2022	284,744	381,518	289,185	955,447
Charge for the year on owned assets	63,377	101,657	13,860	178,894
Disposals	(309)	(301)	(94,684)	(95,294)
At 31 December 2022	347,812	482,874	208,361	1,039,047
<b>Net book value</b>				
At 31 December 2022	190,969	46,956	12,818	250,743
<b>At 31 December 2021</b>	<b>254,348</b>	<b>145,424</b>	<b>19,448</b>	<b>419,220</b>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	14,848	25,328

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XL JOINERY LIMITED

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

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14. Financial instruments

	2022	2021
	£	£

**Financial liabilities**

Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	<u>57,609</u>	<u>23,502</u>
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Financial assets and liabilities measured at fair value through profit or loss comprise derivative financial instruments.

15. Stocks

	2022	2021
	£	£
Finished goods and goods for resale	<u>7,523,884</u>	<u>7,278,997</u>

The provision reducing the carrying value of stocks to net realisable value above as at 31 December 2022 amounted to £178,400 (2021 : £182,200).

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XL JOINERY LIMITED

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

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16. Debtors

	2022 £	2021 £
<b>Due after more than one year</b>		
Trade debtors	<u>297,000</u>	<u>357,000</u>
	2022 £	2021 £
<b>Due within one year</b>		
Trade debtors	5,475,982	6,076,724
Amounts owed by group undertakings	2,353,814	1,385,559
Other debtors	3,967,971	4,547,403
Prepayments and accrued income	383,369	2,075,141
	<u>12,181,136</u>	<u>14,084,827</u>



**XL JOINERY LIMITED**

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

**17. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	489,736	-
Bank loans	2,580,559	4,871,709
Other loans	3,723,952	3,605,383
Trade creditors	1,082,832	1,025,738
Corporation tax	73,464	73,464
Other taxation and social security	2,655,430	191,315
Obligations under finance lease and hire purchase contracts	9,432	9,432
Accruals and deferred income	1,043,095	969,815
Financial instruments	57,609	23,502
	<u>11,716,109</u>	<u>10,770,358</u>

The following liabilities were secured:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Bank loans	2,580,559	4,871,709
Other loans	3,723,952	3,605,383
	<u>6,304,511</u>	<u>8,477,092</u>

Details of security provided:

Bank loans, which comprise short term trade finance loans, are secured by a debenture including fixed and floating charge over the assets of the company.

Other loans comprise advances from HSBC Invoice Finance (UK) Ltd, who have a fixed charge over the assets and book debts of the company, both present and future, for all amounts advanced.

Subsequent to the year end, there has been refinancing and the above mentioned charges have been satisfied and new charge has been created over the assets of the company by the new lender.

**18. Creditors: Amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<u>5,503</u>	<u>14,935</u>

XL JOINERY LIMITED

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

19. Deferred taxation

	2022 £	2021 £
At beginning of year	(35,338)	(44,836)
Charged to profit or loss	35,338	9,498
<b>At end of year</b>	<b>-</b>	<b>(35,338)</b>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	-	(35,988)
Retirement benefit obligations	-	650
	<b>-</b>	<b>(35,338)</b>

20. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1,250,000 (2021 - 1,250,000) Ordinary shares of £1.00 each	<u>1,250,000</u>	<u>1,250,000</u>

21. Financial commitments, guarantees and contingent liabilities

The company has given an unlimited composite company guarantee to HSBC Bank plc in respect of the liabilities of Birstall 140 Limited, a related company. The amount guaranteed is £2,544,231 (2021 - £2,826,923).

Subsequent to the year end, there has been refinancing through a different lender IGF Business Credit Limited.

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

**22. Related party transactions**

The following amounts were receivable at the reporting end date:

	2022 £	2021 £
Companies under common control	490,886	610,542
Other related parties	3,959,963	4,088,032
Directors loan	-	451,670

All amounts owed from related parties above are repayable on demand with no interest.

During the year the company paid management fees of £243,000 (2021: £214,000) to a company under common control.

During the year the company received interest of £163,840 (2021: £159,910) and paid rent of £668,000 (2021: £490,000) to a related party.

Remuneration to a director's close family members for the year was £30,621 (2021: £25,693).

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

All directors of the Company are considered to be key management personnel.

**23. Controlling party**

The parent company is AFM Capital Sdn Bhd, a company incorporated and registered in Malaysia.

The ultimate controlling party is Ahmad Fadzil Mohamad.

**24. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	9,432	9,432
Between 1-5 years	5,503	14,935
	<u>14,935</u>	<u>24,367</u>

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

**25. Pension commitments**

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £59,864 (2021: £61,221). Contributions totalling £12,059 (2021: £12,011) were payable to the fund at the balance sheet date and are included in creditors.

**26. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	810,498	661,713
Later than 1 year and not later than 5 years	2,917,911	2,304,033
Later than 5 years	2,368,197	2,252,639
	<u>6,096,606</u>	<u>5,218,385</u>

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