

**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021
FOR
PREMIER MECHANICAL INSTALLATIONS LIMITED**

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FOR THE YEAR ENDED 31ST DECEMBER 2021**

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PREMIER MECHANICAL INSTALLATIONS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2021**

DIRECTOR:	Mr D G Healey
SECRETARY:	Mr D G Healey
REGISTERED OFFICE:	36 Leamington Crescent Harrow Middlesex HA2 9HQ
REGISTERED NUMBER:	04893966 (England and Wales)
SENIOR STATUTORY AUDITOR:	Christopher Andrews ACA
AUDITORS:	Mountsides Limited Chartered Accountants & Statutory Auditors 2 Mountside Stanmore Middlesex HA7 2DT

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2021**

The director presents his strategic report for the year ended 31st December 2021.

REVIEW OF BUSINESS

The director considers the key financial performance indicators (KPIs) to be those that communicate the financial performance and strength of the company as a whole to its members. These KPIs comprise turnover, operating profit and shareholders' funds.

Turnover and operating profit have increased during the year by 40% and 662% respectively and at the year end shareholders' funds have increased by 27.2%. The comparative period was heavily impacted by the COVID-19 pandemic and Brexit. With the increased turnover and the return to normal trading conditions, gross profit margins also returned to pre-pandemic levels, achieving 21.3% (2020 : 14.7%).

The company is exempt from the requirement to disclose details of non-financial key performance indicators as it is a medium sized company.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's financial risk management objectives consist of identifying and monitoring those risks which have an adverse impact on the value of the company's financial assets and liabilities or on reported profitability and on the cash flows of the company.

The company's principal financial instruments comprise cash balances and various items such as trade debtors and trade creditors which arise directly from trading operations. The main purpose of these financial instruments is to provide finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks.

LIQUIDITY RISK

The company minimises its exposure to liquidity risk by managing cash generation by its operations with cash collection targets set. In this way the company ensures that sufficient funds are available for day to day operations and planned expansions.

FOREIGN EXCHANGE RISK

The company minimises exposure to FOREX risk by maintaining funds in foreign currencies, and by planning foreign transactions to minimise such risks.

CREDIT RISK

The principal credit risk arises from trade debtors. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis, based on a combination of payment history and third party references.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2021**

FUTURE DEVELOPMENTS

The director is satisfied with the results achieved during the year. His plan for the future is to continue in his efforts to secure new pipework orders and contracts, both in the United Kingdom and overseas, and to continue to train its workforce in new processes and technology.

ON BEHALF OF THE BOARD:

Mr D G Healey - Director

31st December 2022

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31ST DECEMBER 2021**

The director presents his report with the financial statements of the company for the year ended 31st December 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of industrial plumbing contractors, specialising in the supply and installation of pre-fabricated pipework.

DIVIDENDS

Interim dividends of £46,900 (2020: £48,500) were distributed during the year. The director does not recommend the payment of a final dividend.

DIRECTOR

Mr D G Healey held office during the whole of the period from 1st January 2021 to the date of this report.

DISCLOSURE IN THE STRATEGIC REPORT

The company has set out the business review and the principal risks and uncertainties in the strategic report on page 2 of these financial statements.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

The director of the company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is 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 he 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 DIRECTOR
FOR THE YEAR ENDED 31ST DECEMBER 2021**

AUDITORS

The auditors, Mountsides Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr D G Healey - Director

31st December 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PREMIER MECHANICAL INSTALLATIONS LIMITED

Qualified opinion

We have audited the financial statements of Premier Mechanical Installations Limited (the 'company') for the year ended 31st December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2021 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We were not appointed as auditor of the company until after 31 December 2020 and thus did not observe the counting of physical inventories at either 31 December 2019 or 31 December 2020. We were unable to satisfy ourselves by alternative audit procedures concerning the quantities held at these dates, which represent the opening and closing stock for the comparative period and the opening stock for the current period. Consequently we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 director with respect to going concern are described in the relevant sections of this report.

Key audit matters

Except for the matter described in the basis for qualified opinion section, we have determined that there are no key audit matters to be communicated in our report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PREMIER MECHANICAL INSTALLATIONS LIMITED

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, 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 Director 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 Director 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 Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PREMIER MECHANICAL INSTALLATIONS LIMITED

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to, Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- Reviewing the financial statements for compliance with the Companies Act 2006.
- Evaluating and challenging the reasonableness of accounting estimates.
- Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 PREMIER MECHANICAL INSTALLATIONS LIMITED

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.

Christopher Andrews ACA (Senior Statutory Auditor)
for and on behalf of Mountsides Limited
Chartered Accountants
& Statutory Auditors
2 Mountside
Stanmore
Middlesex
HA7 2DT

31st December 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2021

		31.12.21 £	31.12.20 £
	Notes		
TURNOVER	4	18,602,483	13,277,785
Cost of sales		<u>(14,639,544)</u>	<u>(11,321,756)</u>
GROSS PROFIT		3,962,939	1,956,029
Administrative expenses		<u>(2,606,777)</u>	<u>(1,800,690)</u>
		1,356,162	155,339
Other operating income		<u>19,542</u>	<u>25,069</u>
OPERATING PROFIT	6	1,375,704	180,408
Interest receivable and similar income		<u>21,864</u>	<u>17,848</u>
		1,397,568	198,256
Interest payable and similar expenses	7	<u>(2,777)</u>	<u>(6,603)</u>
PROFIT BEFORE TAXATION		1,394,791	191,653
Tax on profit	8	<u>(200,644)</u>	<u>(74,526)</u>
PROFIT FOR THE FINANCIAL YEAR		1,194,147	117,127
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>1,194,147</u>	<u>117,127</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2021

		31.12.21	31.12.20
	Notes	£	£
FIXED ASSETS			
Tangible assets	11	1,695,098	743,747
CURRENT ASSETS			
Stocks	12	337,034	156,373
Debtors	13	5,663,449	4,938,539
Cash at bank		638,019	1,309,679
		<u>6,638,502</u>	<u>6,404,591</u>
CREDITORS			
Amounts falling due within one year	14	<u>(2,473,588)</u>	<u>(2,360,339)</u>
NET CURRENT ASSETS		<u>4,164,914</u>	<u>4,044,252</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,860,012	4,787,999
CREDITORS			
Amounts falling due after more than one year	15	(41,616)	(33,369)
PROVISIONS FOR LIABILITIES	18	<u>(452,527)</u>	<u>(536,008)</u>
NET ASSETS		<u>5,365,869</u>	<u>4,218,622</u>
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Retained earnings		<u>5,365,769</u>	<u>4,218,522</u>
SHAREHOLDERS' FUNDS		<u>5,365,869</u>	<u>4,218,622</u>

The financial statements were approved by the director and authorised for issue on 31st December 2022 and were signed by:

Mr D G Healey - Director

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st January 2020	100	4,149,895	4,149,995
Changes in equity			
Dividends	-	(48,500)	(48,500)
Total comprehensive income	-	117,127	117,127
Balance at 31st December 2020	100	4,218,522	4,218,622
Changes in equity			
Dividends	-	(46,900)	(46,900)
Total comprehensive income	-	1,194,147	1,194,147
Balance at 31st December 2021	100	5,365,769	5,365,869

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2021**

		31.12.21	31.12.20
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	644,457	1,866,654
Interest paid		-	(3,757)
Interest element of hire purchase payments paid		(2,777)	(2,846)
Tax paid		79,318	(659,397)
Net cash from operating activities		720,998	1,200,654
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,107,186)	(532,751)
Sale of tangible fixed assets		-	3,500
Interest received		21,864	17,848
Net cash from investing activities		(1,085,322)	(511,403)
Cash flows from financing activities			
Capital repayments in year		(16,383)	(26,024)
Amount withdrawn by directors		(244,053)	(144,222)
Equity dividends paid		(46,900)	(48,500)
Net cash from financing activities		(307,336)	(218,746)
(Decrease)/increase in cash and cash equivalents		(671,660)	470,505
Cash and cash equivalents at beginning of year	2	1,309,679	839,174
Cash and cash equivalents at end of year	2	638,019	1,309,679

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.21	31.12.20
	£	£
Profit before taxation	1,394,791	191,653
Depreciation charges	186,347	138,829
Profit on disposal of fixed assets	-	(1,092)
Finance costs	2,777	6,603
Finance income	(21,864)	(17,848)
	<u>1,562,051</u>	<u>318,145</u>
Increase in stocks	(180,661)	(97,723)
(Increase)/decrease in trade and other debtors	(480,857)	758,171
(Decrease)/increase in trade and other creditors	<u>(256,076)</u>	<u>888,061</u>
Cash generated from operations	<u>644,457</u>	<u>1,866,654</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>638,019</u>	<u>1,309,679</u>

Year ended 31st December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>1,309,679</u>	<u>839,174</u>

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2021

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21 £	Cash flow £	Other non-cash changes £	At 31.12.21 £
Net cash				
Cash at bank	<u>1,309,679</u>	<u>(671,660)</u>		<u>638,019</u>
	<u>1,309,679</u>	<u>(671,660)</u>		<u>638,019</u>
Debt				
Finance leases	<u>(47,670)</u>	<u>16,383</u>	-	<u>(61,799)</u>
	<u>(47,670)</u>	<u>16,383</u>	-	<u>(61,799)</u>
Total	<u><u>1,262,009</u></u>	<u><u>(655,277)</u></u>	<u><u>-</u></u>	<u><u>576,220</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2021**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

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.

3. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention.

TURNOVER

The turnover shown in the profit and loss account represents revenue recognised by the company in respect of goods and services supplied during the year. Turnover is measured at the fair value of the consideration received or receivable net of value added tax and trade discounts. Turnover has also been recognised in respect of on-going services with the value of services completed but unbilled at the balance sheet date being taken to turnover and the associated costs, where not invoiced at that date, being accrued for. The policies adopted for the recognition of turnover are as follows:

Sale of goods

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

Rendering of services

When the outcome of a transaction can be estimated reliably, turnover from rendering of services is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to actual cost spent to the total budgeted cost.

Where the outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

TANGIBLE FIXED ASSETS

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

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- at variable rates on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021**

3. ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment of assets are recognised in the profit and loss account in other administrative expenses.

TAXATION

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

Current or deferred taxation assets and liabilities are not discounted.

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

DEFERRED TAX

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

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

HIRE PURCHASE AND LEASING COMMITMENTS

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line over the period of the lease.

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 profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021

3. ACCOUNTING POLICIES - continued

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported. These estimates, judgements and assumptions are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where judgements, estimates and assumptions have been made include:

Debtors

Management applies judgements in evaluating the recoverability of debtors. To the extent that the directors believe debtors not to be recoverable, they have been provided for in the financial statements.

Provisions

Management applies judgements in evaluating the likelihood of certain liabilities, and makes provisions accordingly to the extent that such liabilities are likely to arise.

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	31.12.21	31.12.20
	£	£
United Kingdom	5,215,034	4,815,055
Europe	13,387,449	8,462,730
	<u>18,602,483</u>	<u>13,277,785</u>

5. EMPLOYEES AND DIRECTORS

	31.12.21	31.12.20
	£	£
Wages and salaries	510,895	311,398
Social security costs	32,966	19,039
Other pension costs	14,203	19,456
	<u>558,064</u>	<u>349,893</u>

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

	31.12.21	31.12.20
Administration and management	<u>19</u>	<u>12</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021

5. EMPLOYEES AND DIRECTORS - continued

	31.12.21	31.12.20
	£	£
Director's remuneration	12,000	12,000
Director's pension contributions to money purchase schemes	<u>10,000</u>	<u>15,833</u>

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

Money purchase schemes	<u>1</u>	<u>1</u>
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6. OPERATING PROFIT

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

	31.12.21	31.12.20
	£	£
Depreciation - owned assets	168,584	122,705
Depreciation - assets on hire purchase contracts	17,763	16,122
Profit on disposal of fixed assets	-	(1,092)
Auditors remuneration	12,000	12,000
Foreign exchange differences	<u>121,937</u>	<u>(33,278)</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.21	31.12.20
	£	£
Interest on Corporation Tax	-	3,757
Hire purchase	<u>2,777</u>	<u>2,846</u>
	<u>2,777</u>	<u>6,603</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.21	31.12.20
	£	£
Current tax:		
UK corporation tax	284,125	(5,203)
Deferred tax	<u>(83,481)</u>	<u>79,729</u>
Tax on profit	<u>200,644</u>	<u>74,526</u>

UK corporation tax was charged at 19%) in 2020.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021

8. **TAXATION - continued**

RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS

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

	31.12.21 £	31.12.20 £
Profit before tax	<u>1,394,791</u>	<u>191,653</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	265,010	36,414
Effects of:		
Expenses not deductible for tax purposes	12,797	11,140
Timing differences	<u>(77,163)</u>	<u>26,972</u>
Total tax charge	<u>200,644</u>	<u>74,526</u>

9. **DIVIDENDS**

	31.12.21 £	31.12.20 £
Ordinary shares of £1.00 each		
Interim	<u>46,900</u>	<u>48,500</u>

10. **PENSION COSTS**

The company operates a defined contribution pension scheme for some of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge in the profit and loss account represents contributions payable to the fund and amounted to £14,203 (2020 : £19,456).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1st January 2021	-	616,544	504,865
Additions	865,044	170,823	59,097
At 31st December 2021	865,044	787,367	563,962
DEPRECIATION			
At 1st January 2021	-	429,004	41,767
Charge for year	-	69,684	71,924
At 31st December 2021	-	498,688	113,691
NET BOOK VALUE			
At 31st December 2021	865,044	288,679	450,271
At 31st December 2020	-	187,540	463,098
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1st January 2021	157,041	56,319	1,334,769
Additions	30,512	12,222	1,137,698
At 31st December 2021	187,553	68,541	2,472,467
DEPRECIATION			
At 1st January 2021	78,984	41,267	591,022
Charge for year	27,142	17,597	186,347
At 31st December 2021	106,126	58,864	777,369
NET BOOK VALUE			
At 31st December 2021	81,427	9,677	1,695,098
At 31st December 2020	78,057	15,052	743,747

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021

11. TANGIBLE FIXED ASSETS - continued

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

	Motor vehicles £
COST	
At 1st January 2021	72,075
Additions	<u>30,512</u>
At 31st December 2021	<u>102,587</u>
DEPRECIATION	
At 1st January 2021	31,533
Charge for year	<u>17,763</u>
At 31st December 2021	<u>49,296</u>
NET BOOK VALUE	
At 31st December 2021	<u>53,291</u>
At 31st December 2020	<u>40,542</u>

12. STOCKS

	31.12.21	31.12.20
	£	£
Stocks	<u>337,034</u>	<u>156,373</u>

13. DEBTORS

	31.12.21	31.12.20
	£	£
Amounts falling due within one year:		
Trade debtors	839,475	1,266,556
Other debtors	47,625	125,262
Directors' current accounts	1,040,545	796,492
Corporation Tax recoverable	5,203	5,203
VAT	567,397	568,797
Accrued income	1,099,422	670,555
Prepayments	<u>258,147</u>	<u>221,302</u>
	<u>3,857,814</u>	<u>3,654,167</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021

13. **DEBTORS - continued**

	31.12.21 £	31.12.20 £
Amounts falling due after more than one year:		
Trade debtors	778,605	556,258
Other debtors	688,853	469,254
Tax recoverable	338,177	258,860
	<u>1,805,635</u>	<u>1,284,372</u>
Aggregate amounts	<u>5,663,449</u>	<u>4,938,539</u>

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.21 £	31.12.20 £
Hire purchase contracts (see note 16)	20,183	14,301
Trade creditors	1,623,331	1,966,761
Corporation Tax	410,315	46,872
Social security and other taxes	40,605	27,181
Other creditors	64,727	143,561
Accrued expenses	314,427	161,663
	<u>2,473,588</u>	<u>2,360,339</u>

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.21 £	31.12.20 £
Hire purchase contracts (see note 16)	<u>41,616</u>	<u>33,369</u>

16. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.21 £	31.12.20 £
Net obligations repayable:		
Within one year	20,183	14,301
Between one and five years	<u>41,616</u>	<u>33,369</u>
	<u>61,799</u>	<u>47,670</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021

16. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	31.12.21	31.12.20
	£	£
Within one year	545,850	545,850
Between one and five years	1,988,400	1,988,400
In more than five years	373,625	821,975
	<u>2,907,875</u>	<u>3,356,225</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.21	31.12.20
	£	£
Hire purchase contracts	<u>61,799</u>	<u>47,670</u>

All liabilities under hire purchase contracts are secured on the assets to which the agreements relate. The company has also provided its assets as security for borrowing facilities provided by its principal banker.

18. PROVISIONS FOR LIABILITIES

	31.12.21	31.12.20
	£	£
Deferred tax	36,527	120,008
Provision for dilapidation	<u>416,000</u>	<u>416,000</u>
	<u>452,527</u>	<u>536,008</u>

	Deferred tax
	£
Balance at 1st January 2021	120,008
Credit to Statement of Comprehensive Income during year	<u>(83,481)</u>
Balance at 31st December 2021	<u>36,527</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.21	31.12.20
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1.00	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2021

20. **DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31st December 2021 and 31st December 2020:

	31.12.21 £	31.12.20 £
Mr D G Healey		
Balance outstanding at start of year	796,492	652,270
Amounts advanced	297,258	198,477
Amounts repaid	(53,205)	(54,255)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>1,040,545</u>	<u>796,492</u>

Interest is chargeable on director's advances at beneficial loan arrangements official rates.

21. **RELATED PARTY DISCLOSURES**

Included within other debtors are loans totalling £513,291 (2020:£227,041) made to related companies in which the director has an interest.

22. **ULTIMATE CONTROLLING PARTY**

The controlling party is Mr D G Healey.

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