

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2023

MEACO (U.K.) LIMITED

MENZIES

MEACO (U.K.) LIMITED

COMPANY INFORMATION

Directors	C G Michael M C Michael
Company secretary	C G Michael
Registered number	05000418
Registered office	Meaco House Parklands Railton Road Guildford Surrey GU2 9JX
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 1st Floor Midas House 62 Goldsworth Road Woking Surrey GU21 6LQ

MEACO (U.K.) LIMITED

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MEACO (U.K.) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present the strategic report for the year ended 31 March 2023.

Business review

The Statement of Income and Retained Earnings set out on page 10 shows that the company's turnover for the year is £31,946,410 (2022: £28,278,430) and that the company made a profit after tax for the year of £7,476,760 (2022: £2,140,601).

Turnover for the year in review has increased by 13% for Meaco UK despite sales for our exports now largely being stripped out and reported separately in our German sister company. Profitability has also increased as sea freight costs have steadily improved and fallen towards pre-COVID levels and the proportion of higher margin direct sales has risen.

As an air treatment company weather can have a large effect on sales and in summer 2022 the effect was positive with consistent spells of warm weather throughout spring and early summer leading to record temperatures in July that saw large areas of the country swelter in 38°C heat.

During this summer heatwave we were trying to plan for the Autumn/Winter dehumidifier sales and were facing great uncertainty. At that point there was no planned government support for energy costs which had risen sharply since the start of the Ukraine war. As dehumidifiers are mains powered and use a reasonable amount of electricity our thoughts and those of our customers was that sales would be hit as consumers shunned anything electrical. On this basis we forecasted for the season to be flat and planned our production on that basis. In September 2022 the UK government introduced a price cap for energy prices that pitched them at a level twice as high as the previous year. The temporary change in leadership within the government also caused chaos with the money markets, hitting the sterling and interest rates. In theory none of these events should have had a positive effect on our sales, but the reaction from the public saw sales increase dramatically.

Consumers started to look for energy efficient devices that could save them money in the long term on their bills. The dehumidifier replaced the tumble dryer and as people turned their heating down, the dehumidifier became a way to manage any resulting damp issues.

Before the weather had turned cold enough to put condensation onto people's windows (a normal driver of sales), we had sold our entire winter's stock and were playing catch up. We ordered as much stock as we could get produced quickly and as soon as it arrived, it sold out within minutes. This resulted in sales of over 160,000 units, it could have been 200,000 if we have had the stock.

The company ended the year with net assets of £18,511,157 (2022: £11,232,397). The year end cash at bank position was £8,992,328 (2022: £5,466,170).

MEACO (U.K.) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

The directors consider the principal risks and uncertainties faced by the company to be:

- **Environmental uncertainties** - As an air treatment company, our sales are partly driven by the underlying weather conditions of the time. There is no doubt for example that a hot summer will result in more fans being sold at a better margin. Dehumidifier sales tend to be more reliable, and we are not dependent on extreme weather to generate sales as we are not heavily weighted towards the commercial end of the market.
- **Financial risk** - We purchase largely in US Dollars and are therefore exposed to fluctuations in the exchange rate. We continue to monitor closely the international FX situation and work closely with our foreign exchange suppliers to mitigate the risks.
- **Logistics** - This has been a challenge for all importers across the world since the start of COVID and has slowly started to settle back down as the balance between supply and demand has improved. Sea freight rates continued to soften and move in the right direction, while domestically the availability of truck drivers was still a frustration, there were signs of improvement. Unfortunately the shorter, and more reliable China/Tilbury service came to an end at the end of 2022 and we were left with the established Felixstowe sailing instead. We continue to prefer to pay slightly higher rates for in return for the guarantee of space on a vessel, rather than the lottery of unsecured cheaper rates.
- **Suppliers** - We maintain strong relationships with our suppliers, the majority of the year in review was challenging for the as China tried to follow its strict COVID policies. The opening up of China at the start of 2023 resulted in a short term spike in COVID issues, but these dissipated surprisingly quickly and it soon reverted to business as normal.
- **War in Ukraine** - The war in Ukraine has been an issue that has driven energy costs high, surprisingly this has resulted in increased sales for the company as consumers have turned towards energy efficient solutions. We will keep a close eye on the resulting inflation and interest rate rises that make economical conditions a challenge for our staff and customers alike.

Some of the above issues are outside of our control and are part of the wider issues affecting international commerce at the moment. So, we are concentrating on controlling what we can control.

For stock levels we are constantly looking to improve our data analysis and forecasting models and to concentrate on features and benefits that will result in stock still selling strongly even when the weather conditions might not be favourable.

We will continue to grow our sales in USD to provide ourselves with a buffer against negative fluctuations in currency.

Financial key performance indicators

	2023	2022
	£	£
Turnover	31,946,410	28,278,430
Gross Profit	<u>14,256,077</u>	<u>10,406,366</u>

Non financial KPIs are not produced here because, given the nature of the business, the company's directors are of the opinion that analysis using such KPIs is not necessary for an understanding of the development, performance or position of the entity.

MEACO (U.K.) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Future developments

Our focus going forward will be to increase our investment in marketing and PR to help maintain the sell through of our stocks. As the world starts to open up we will return to face to face meetings with our customers and a return to traditional trade fairs.

The development of our own range of fans continues and now that the dehumidifier development has finished this will become a focus for the team. We are also starting a new humidifier and desiccant dehumidifier project to be ready for 2024, between them, these projects will generate several new variations in product lines 'SKUs' to be launched worldwide over the next 4 to 5 years.

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

.....
C G Michael
Director

Date: 20 December 2023

MEACO (U.K.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors

The directors who served during the year were:

C G Michael
M C Michael

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 judgments 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.

Results and dividends

The profit for the year, after taxation, amounted to £7,476,760 (2022 - £2,140,601).

Research and development activities

During the year the company undertook research and development activity in relation to obtaining further scientific advances in particular in relation to performance, energy efficiency and noise levels.

Matters covered in the Strategic Report

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out within the Company's Strategic Report, the Company's Strategic Report Information as required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of principal risks and uncertainties.

MEACO (U.K.) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

.....
C G Michael
Director

Date: 20 December 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEACO (U.K.) LIMITED

Opinion

We have audited the financial statements of Meaco (U.K.) Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position 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 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEACO (U.K.) LIMITED
(CONTINUED)**

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 4, 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 MEACO (U.K.) LIMITED
(CONTINUED)**

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.

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:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

- The Companies Act 2006;
- Financial Reporting Standard 102;
- UK employment legislation
- UK health and safety legislation; and
- General Data Protection Regulations

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We understood how the Company are complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal and compliance procedures.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

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

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Posting of journals to the accounting software which are of a non-routine nature in terms of timing and amount; and
- Timing of revenue recognition.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEACO (U.K.) LIMITED
(CONTINUED)**

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 Auditors' Report.

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.

Tom Woods FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants
Statutory Auditor

1st Floor
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

20 December 2023

MEACO (U.K.) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	31,946,410	28,278,430
Cost of sales		(17,690,333)	(17,872,064)
Gross profit		14,256,077	10,406,366
Distribution costs		(2,879,832)	(5,211,506)
Administrative expenses		(2,162,515)	(2,585,825)
Operating profit	5	9,213,730	2,609,035
Interest receivable and similar income	9	17,906	9,876
Interest payable and similar expenses	10	(343)	(8,798)
Profit before tax		9,231,293	2,610,113
Tax on profit	11	(1,754,533)	(469,512)
Profit after tax		7,476,760	2,140,601
Retained earnings at the beginning of the year		11,232,297	9,280,277
		11,232,297	9,280,277
Profit for the year		7,476,760	2,140,601
Dividends declared and paid	12	(198,000)	(188,581)
Retained earnings at the end of the year		18,511,057	11,232,297

The notes on pages 12 to 22 form part of these financial statements.

MEACO (U.K.) LIMITED
REGISTERED NUMBER:05000418

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	20,595	27,460
Tangible fixed assets	14	30,340	31,874
		<u>50,935</u>	<u>59,334</u>
Current assets			
Stocks	15	6,171,662	7,814,612
Debtors: amounts falling due within one year	16	24,510,721	6,199,845
Bank and cash balances		8,992,328	5,466,170
		<u>39,674,711</u>	<u>19,480,627</u>
Creditors: amounts falling due within one year	17	(20,224,000)	(7,268,216)
Net current assets		<u>19,450,711</u>	<u>12,212,411</u>
Total assets less current liabilities		<u>19,501,646</u>	<u>12,271,745</u>
Provisions for liabilities			
Deferred tax	18	(12,304)	(14,311)
Warranty provision	19	(978,185)	(1,025,037)
		<u>(990,489)</u>	<u>(1,039,348)</u>
Net assets		<u><u>18,511,157</u></u>	<u><u>11,232,397</u></u>
Capital and reserves			
Called up share capital	20	100	100
Profit and loss account	21	18,511,057	11,232,297
		<u><u>18,511,157</u></u>	<u><u>11,232,397</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
C G Michael
Director

Date: 20 December 2023

The notes on pages 12 to 22 form part of these financial statements.

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Meaco (U.K.) Limited is a private Company limited by shares, incorporated in the United Kingdom under the Companies Act 2006, and is registered in England and Wales. The address of the Company's registered office and principal place of business is disclosed on the company information page.

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 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 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Meaco Holdings Limited as at 31 March 2023 and these financial statements may be obtained from Companies House.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Sales of freight on board stock are recognised when released from the warehouse. For sales where the company is responsible for delivering inventory to the final customer, the sale is recognised when the goods are delivered. These are the points at which it is deemed that the risks and rewards have passed to the customer. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.6 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.

Intangible assets are amortised over a period of 25% reducing balance.

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.

2.7 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	25%	Reducing Balance
Office equipment	-	25%	Reducing Balance

2.8 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 an average cost basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements 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.

Significant Judgements

The Company did not make any judgements that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

A warranty provision is calculated based on the number of warranty calls on all items in the prior year, the average cost of fixing over the warranty term. The warranty provision as at 31 March 2023 was £978,185 (2022: £1,025,037).

4. Turnover

The directors consider there to be only one class of business.

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	30,658,061	20,713,471
Rest of Europe	827,119	2,737,152
Rest of the world	461,230	4,827,807
	<u>31,946,410</u>	<u>28,278,430</u>

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

5. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Research & development charged as an expense	439,103	175,607
Depreciation of tangible fixed assets	8,565	10,051
Amortisation of intangible assets, including goodwill	6,865	9,153
Exchange differences	(570,129)	349,310
Operating lease rentals	29,930	30,488
Defined contribution pension cost	<u>88,144</u>	<u>87,505</u>

6. Auditors' remuneration

	2023	2022
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	23,700	15,000

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023	2022
	£	£
Wages and salaries	345,331	420,035
Social security costs	36,877	36,425
Cost of defined contribution scheme	88,144	87,505
	<u>470,352</u>	<u>543,965</u>

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

	2023	2022
	No.	No.
Employees	<u>19</u>	<u>16</u>

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	19,715	18,599
Director's pension costs	80,000	80,000
	<u>99,715</u>	<u>98,599</u>

During the year retirement benefits were accruing to 2 directors (2022 - 2) in respect of defined contribution pension schemes.

9. Interest receivable

	2023 £	2022 £
Interest receivable	17,906	9,876
	<u>17,906</u>	<u>9,876</u>

10. Interest payable and similar expenses

	2023 £	2022 £
Other interest payable	343	8,798
	<u>343</u>	<u>8,798</u>

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	1,756,540	469,151
	<u>1,756,540</u>	<u>469,151</u>
Total current tax	<u>1,756,540</u>	<u>469,151</u>
Deferred tax		
Origination and reversal of timing differences	(2,007)	361
Total deferred tax	<u>(2,007)</u>	<u>361</u>
Tax on profit	<u>1,754,533</u>	<u>469,512</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *lower than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>9,231,293</u>	<u>2,610,113</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,753,946	495,921
Effects of:		
Fixed asset differences	(401)	(146)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,093	14,608
Additional deduction for R&D expenditure	-	(43,156)
Adjustments to tax charge in respect of prior periods	-	(183)
Remeasurement of deferred tax for changes in tax rates	(482)	3,435
Other timing differences leading to an increase (decrease) in taxation	377	(967)
Total tax charge for the year	<u>1,754,533</u>	<u>469,512</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. Dividends

	2023 £	2022 £
Dividends paid on ordinary shares	198,000	188,581
	<u>198,000</u>	<u>188,581</u>

13. Intangible assets

	Computer software £
Cost	
At 1 April 2022	42,956
At 31 March 2023	<u>42,956</u>
Amortisation	
At 1 April 2022	15,496
Charge for the year on owned assets	6,865
At 31 March 2023	<u>22,361</u>
Net book value	
At 31 March 2023	<u>20,595</u>
<i>At 31 March 2022</i>	<u>27,460</u>

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14. Tangible fixed assets

	Plant and machinery £	Office equipment £	Total £
Cost or valuation			
At 1 April 2022	38,491	37,730	76,221
Additions	192	6,839	7,031
At 31 March 2023	38,683	44,569	83,252
Depreciation			
At 1 April 2022	27,611	16,736	44,347
Charge for the year on owned assets	2,728	5,837	8,565
At 31 March 2023	30,339	22,573	52,912
Net book value			
At 31 March 2023	8,344	21,996	30,340
At 31 March 2022	10,880	20,994	31,874

15. Stocks

	2023 £	2022 £
Finished goods and goods for resale	6,171,662	7,814,612
	<u>6,171,662</u>	<u>7,814,612</u>

16. Debtors

	2023 £	2022 £
Trade debtors	3,004,839	2,977,647
Amounts owed by group undertakings	10,930,570	798,330
Other debtors	113,503	25,816
Prepayments and accrued income	10,461,809	2,398,052
	<u>24,510,721</u>	<u>6,199,845</u>

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	15,966,388	5,786,183
Amounts owed to group undertakings	-	6,054
Corporation tax	1,403,100	232,985
Other taxation and social security	1,235,174	431,450
Other creditors	57,731	52,893
Accruals and deferred income	1,561,607	758,651
	<u>20,224,000</u>	<u>7,268,216</u>

18. Deferred taxation

	2023 £
At beginning of year	(14,311)
Charged to profit or loss	2,007
At end of year	<u>(12,304)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(12,304)	(14,311)
	<u>(12,304)</u>	<u>(14,311)</u>

19. Provisions

	Warranty provision £
At 1 April 2022	1,025,037
Charged to profit or loss	(46,852)
At 31 March 2023	<u>978,185</u>

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

20. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
100 (2022 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

21. Reserves

Profit and loss account

This reserve includes all current and prior period retained profits and losses, less dividends.

22. Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions by the company to the fund and amounted to £88,144 (2022: £87,505).

As at the year end there was £1,449 (2022: £1,424) payable to the pension scheme.

23. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	109,642	109,378
Later than 1 year and not later than 5 years	-	65,540
	<u>109,642</u>	<u>174,918</u>

24. Related party transactions

The Company has taken advantage of the exemption under FRS 102 from disclosing transactions with other wholly owned members of the Meaco Holdings Limited Group.

At the year end Meaco (U.K.) Limited was owed £16,463 (2022: £6,413) by a Company in which one of the directors in Meaco (U.K.) Limited is also a director.

During the year, Meaco (U.K.) Limited paid expenses on behalf of directors totalling £53,493. These were ultimately cleared by way of dividend payments through Meaco Holdings Limited.

During the year there were rental payments of £25,555 (2022: £25,765) made to Dentons SIPP C G Michael and Dentons SIPP M C Michael, the pension scheme of the directors.

MEACO (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

25. Controlling party

Meaco (U.K.) Limited's immediate parent company and ultimate parent company is Meaco Holdings Limited. The parent company of the largest and smallest group in which the company's results are consolidated is Meaco Holdings Limited. The consolidated accounts are available from Companies House.

CG Michael and M C Michael are both considered the ultimate controlling party as they are closely related persons.

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.