

Company Registration No. 07791872 (England and Wales)

**KRIMPTERM LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022**

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KRIMPTERM LIMITED

COMPANY INFORMATION

Directors

D Patel
P Patel
R Patel
J Bury

Registered Office

Sterling Works
Texas Street
Morley
Leeds
LS27 0HG

Company Number

07791872

Statutory Auditor

Brown Butler
Leigh House
28-32 St Paul's Street
Leeds
LS1 2JT

KRIMPTERM LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the Strategic Report for the year ended 31 December 2022.

Fair review of the business

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

The directors are of the opinion that the company has taken further steps to solidify its position as the market leader for wholesale electrical and wiring products. The company has continued to grow and maintain profitability whilst also maintaining high standards for customers and ensuring suppliers and employees have been treated fairly.

Turnover

Turnover of the company has increased during the year by approximately 3% which is a result of the company focusing on continuing to meet its customers' needs of consistent supply and competitive pricing.

The directors believe that continuing to focus on maintaining good levels of quality stocks has allowed the company to continue to offer stable pricing and support to customers despite issues with high rates of inflation.

Gross Profit

The company's gross profit margin has increased from 26.8% to 37.8% during the year, which is predominately due to increased purchasing scales and the significant reductions seen in the cost of importing goods compared to the peak costs of 2021.

The directors believe that the strong gross profit of the company demonstrates the continued commitment to sourcing high quality products at the most competitive prices and the benefit of working closely with trusted suppliers.

Operating Profit

Operating profit has increased by 44.3% in 2022. This increase has been due to the directors and their management team ensuring the company operates efficiently and reducing non-essential expenditure. Despite strict cost controls the company has increased its headcount and made additional cost of living payments in a continuing effort to prioritise the wellbeing of its employees.

Financial Position

At the year end the balance sheet showed the company to be in a strong position, with an increased net assets from £6,151,002 in 2021 to £9,269,813 in 2022. The directors remain committed to growth in the company and have been focused on maintaining a strong balance sheet to provide a platform for future successful years.

The most significant areas of the company's financial position are as follows:

Inventory

During the year the company has looked to increase inventories both by expanding the range of products offered and in total items held. The increased inventory held has allowed the company to offer customers more consistent prices despite consistently increasing costs and availability issues with both raw materials and freight services. The company remains in a good position to provide its customers with a reliable supply of high quality stocks.

Net Assets

The company has strengthened its net asset position during the year through investment in current assets and the repayment of its borrowings. As a result the company is in a strong position for the foreseeable future.

KRIMPTERM LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The company continues to monitor and evaluate the principal risks and uncertainties facing the company. Identifying the risks faced by the company allows management to manage them effectively and keep the company well positioned to continue to succeed. The primary risks that have the potential to adversely impact the business over the next twelve months are considered to be as follows:

- Adverse movements in international markets - The company operates in a number of historically volatile markets and currencies and changes in these markets has the potential to quickly create adverse trading conditions. The company mitigates this risk by maintaining close relationships with suppliers and monitoring currency and raw material trends.
- Loss of key customers - The loss of one or more major customers can be a significant risk. The company does not have a high level of dependence on any one individual customer.
- Loss of key personnel - The company has a strong core management team and the loss of a key employee could have an impact. The company looks to develop and reward key employees to help mitigate this risk. The company has also invested in expanding its headcounts in all departments to reduce this risk.
- Inventory obsolescence - The company holds significant amounts of inventory which creates a risk of obsolescence and a risk of pressure on working capital. The company performs perpetual inventory counts and regular budgeting updates to ensure inventory records are up to date and minimise the risks associated with the inventory holding.

Key performance indicators

The primary financial key performance indicators used by the directors and management of the group to assess the success of the company are those highlighted above in the review of the business for the financial year.

In addition to the financial key performance indicators the company also has the following non-financial indicators to allow management and directors to maintain high levels of performance throughout the company.

- The company sets its purchasing team ambitious targets on limiting the number of items that are out of stock at any given time. The company aims to be able to deliver customer orders without delay from existing stocks within the United Kingdom which requires accuracy in the quantity and timing of purchases from suppliers with long lead times.
- The company prides itself on providing the best possible customer service and delivery of orders to its customers. The company's employees are tasked with completing orders with accuracy and efficiency and the management and directors of the company set departmental targets to keep mistakes to a minimum and customer satisfaction as high as possible. The company has also introduced a cycle of customer satisfaction surveys to ensure customer needs are being met.

Future Developments

The company will continue to capitalise from a strong position in the market and look to provide increased range and consistent quality to its existing customers while also looking to target new customers that can benefit from the company's range and quality.

The Strategic Report was approved by the board on 23rd September 2023 and signed on its behalf by


D Patel
Director

KRIMPTERM LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activities of the company during the year continued to be the sale and distribution of products for the automotive and electrical industries.

Results and dividends

The results for the year are disclosed in the Statement of Income and Retained Earnings.

The directors do not recommend the payment of a final dividend and no dividends were paid in the year (2021- no dividends paid).

Directors

The directors who held office during the year and up to the date of signature of the financial statements was as follows:

D Patel

P Patel (appointed 1 January 2022)

R Patel (appointed 1 January 2022)

J Bury (appointed 1 January 2022)

Auditors

The auditor, Brown Butler, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Directors Report was approved on behalf of the board on 23rd September 2023.



D Patel
Director

KRIMPTERM LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

KRIMPTERM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRIMPTERM LIMITED

Opinion

We have audited the financial statements of Krimpterm Limited (the "company") for the year ended 31 December 2022, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including 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 at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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.

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

KRIMPTERM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRIMPTERM LIMITED (continued)

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 and 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 Statement of Directors' Responsibilities 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Capability of the audit in 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 key laws and regulations we have considered in this context included the Companies Act, pension and tax legislation. In addition, we have 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below

- Using our general commercial and sector experience and through discussions with the directors and other management, we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements as well as those arising from management's own assessment of the risks that irregularities may occur either as a result of fraud or error.
- We examined the company's regulatory and legal correspondence and discussed with the directors and other management and known or suspected instances of fraud or non-compliance with laws and regulations.
- We communicated and discussed identified laws and regulations and potential fraud risks with all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

KRIMPTERM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KRIMPTERM LIMITED (continued)

- In addressing the risk of management override of controls, we tested the appropriateness of journal entries. We also challenged assumptions and judgements made by management in their significant accounting estimates and judgements. We also discussed related party relationships and transactions involving them.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Brown Butler

Linda Cooper (Senior Statutory Auditor)
For and on behalf of Brown Butler
Chartered Accountants and Statutory Auditor
Leigh House
28-32 St Paul's Street
Leeds
LS1 2JT

27 September 2023

KRIMPTERM LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		£	£
Turnover	3	14,008,660	13,604,862
Cost of sales		(8,719,509)	(9,958,193)
Gross Profit		5,289,151	3,646,669
Administrative expenses		(1,411,638)	(977,415)
Other operating income		-	16,930
Operating profit	5	3,877,513	2,686,184
Interest receivable and similar income	4	316	309
Interest payable and similar expenses	8	(30,602)	(26,754)
Profit on ordinary activities before taxation		3,847,227	2,659,739
Taxation	9	(728,416)	(511,834)
Profit for the financial year		3,118,811	2,147,905
Retained Earnings at 1 January 2022		6,151,000	4,003,095
Dividends		-	-
Retained Earnings at 31 December 2022		9,269,811	6,151,000

All of the activities of the company are classed as continuing.

The notes on pages 10 to 18 form part of these financial statements.

KRIMPTERM LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

Company Registration No. 07791872 (England and Wales)

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		203,228		162,557
Intangible assets	11		17,216		11,279
Current assets					
Stocks	13	7,139,266		5,704,718	
Debtors	14	3,658,552		2,882,909	
Cash at bank and in hand		400,854		138,231	
		<u>11,198,672</u>		<u>8,725,858</u>	
Creditors: amounts falling due within one year	15	(2,051,834)		(2,673,653)	
Net current assets			<u>9,146,838</u>		<u>6,052,205</u>
Total assets less current liabilities			<u>9,367,282</u>		<u>6,226,041</u>
Creditors: amounts falling due after one year	16		(70,487)		(37,065)
Provisions for liabilities	18		(26,982)		(37,974)
Net assets			<u>9,269,813</u>		<u>6,151,002</u>
Capital and reserves					
Called up share capital	19		2		2
Profit and loss reserves	20		9,269,811		6,151,000
Total equity			<u>9,269,813</u>		<u>6,151,002</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and signed on behalf of the board and authorised for issue on 23rd September 2023.

D Patel
 Director

The notes on pages 10 to 18 form part of these financial statements.

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

1 Accounting Policies

Company Information

Krimpterm Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Sterling Works, Texas Street, Morley, Leeds, LS27 0HG. The company's registration number is 07791872.

The company's principal activities are disclosed in the Directors' Report

Accounting Convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on a going concern basis under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' - Presentation of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Automotive & Industrial Consumables Limited. These consolidated financial statements are available from its registered office, Automotive & Industrial Consumables Limited, Texas Street, Morley, LS27 0HG.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts.

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on delivery of goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Government Grants

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The company has not directly benefited from any other forms of government assistance.

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

1 Accounting Policies (continued)

Tangible Fixed Assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their estimated residual values over their useful lives on the following bases: -

Plant and machinery	15% reducing balance
Fixtures and fittings	15% reducing balance
Computer equipment	33% reducing balance
Leasehold improvements	15% reducing balance
Motor vehicles	25% - 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to the Statement of Income and Retained Earnings.

Intangible Fixed Assets

Intangible assets are initially recognised at cost and subsequently measured at cost, net of amortisation and any impairment losses.

Computer software	33% reducing balance
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Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. These are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss cease to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount over its remaining useful life.

Foreign currency translation

Foreign currency transactions are translated into the company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell. Allowances are made for obsolete and slow moving items where necessary. Cost is determined using the weighted average cost basis and includes the purchase price, any taxes, duties, handling fees and transport costs that are directly attributable to bringing the stock to its present location and condition.

At each reporting date, the company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Stocks held for consumption or distribution at no or nominal consideration are measured at cost.

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

1 Accounting Policies (continued)

Stocks (continued)

Net realisable value is the estimated selling price less all estimated costs to be incurred in selling and distribution.

Retirement Benefits

The company operates a defined contribution pension scheme. Contributions payable to the scheme are charged to profit or loss in the period to which they relate. Any differences in the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The assets of the plan are held separately from the group in independently administered funds.

Financial Assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Basic Financial Liabilities

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments. Basic financial liabilities are subsequently measured at fair value through profit and loss.

Equity Instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the lease term.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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

2 Critical accounting judgements 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 revision and future periods where the revision affects both current and future periods.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Stock Provision

The company holds significant values of stock and as a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of the stocks.

3 Turnover

All turnover is generated by the company's principal activities.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	13,441,499	13,184,587
Rest of Europe	565,889	419,733
Rest of World	1,272	542
	<u>14,008,660</u>	<u>13,604,862</u>

4 Interest receivable

	2022 £	2021 £
Directors' loan account interest	-	309
Bank interest received	316	-
	<u>316</u>	<u>309</u>

5 Operating Profit

	2022 £	2021 £
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	57,122	40,801
Amortisation of intangible fixed assets	10,134	7,524
Loss/(Gain) on disposal of fixed assets	162	42
Operating lease expense	80,080	63,390
Fees payable to the company's auditor for the audit of the annual accounts	12,700	11,000
Exchange differences	(1,760)	46,405
Fair value loss/(gain) on financial instruments	27,516	(69,917)
Government grants	-	(16,930)

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

6 Employees

The average number of persons (including the directors) employed by the company during the year was:

	2022 No.	2021 No.
Office and Management	17	9
Production	13	14
Warehouse	11	11
	<u>41</u>	<u>34</u>

Staff costs for the above employees consist of:

Wages and salaries	884,512	685,926
Social security costs	79,532	57,325
Cost of defined contribution scheme	10,556	10,451
	<u>974,600</u>	<u>753,702</u>

7 Directors' Remuneration

	2022 £	2021 £
Remuneration paid to directors	199,517	8,813
Directors' retirement benefits	2,631	-
	<u>202,148</u>	<u>8,813</u>

8 Interest Payable and Similar Expenses

	2022 £	2021 £
Bank interest	26,342	23,485
Hire purchase interest	4,260	3,269
	<u>30,602</u>	<u>26,754</u>

9 Taxation

	2022 £	2021 £
UK Corporation Tax		
Current tax on profits of the year	739,408	485,070
Deferred Tax		
Origination and reversal of timing differences	(10,992)	26,764
Total Taxation on Profits	<u>728,416</u>	<u>511,834</u>

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

9 Taxation (continued)

The tax assessed for the year is higher (2021 - higher) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2022 £	2021 £
Profit before tax	<u>3,847,227</u>	<u>2,659,739</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	730,973	505,350
Effects of:		
Expenses not deductible for tax purposes	5,654	23
Accelerated capital allowances	(8,211)	6,461
Total tax charge for the period	<u>728,416</u>	<u>511,834</u>

10 Dividends

	2022 £	2021 £
Ordinary shares		
Dividends paid	<u>-</u>	<u>-</u>

No final dividend has been declared for 2022 (2021 - No dividends paid).

11 Intangible Assets

	Computer Software £
Cost	
At 1 January 2022	28,806
Additions	16,071
Disposals	-
At 31 December 2022	<u>44,877</u>
Amortisation	
At 1 January 2022	17,527
Charge for the year	10,134
Disposals	-
At 31 December 2021	<u>27,661</u>
Carrying amount	
At 31 December 2022	<u>17,216</u>
At 31 December 2021	<u>11,279</u>

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12 Tangible Fixed Assets

	Motor Vehicles	Plant & Machinery	Leasehold Improvements	Fixtures & Fittings	Computer Equipment	Total
Cost	£	£	£	£	£	£
At 1 January 2022	79,997	58,714	39,677	76,893	19,386	274,667
Additions	73,280	10,107	2,813	2,253	9,501	97,954
Disposals	-	-	-	-	(1,648)	(1,648)
At 31 December 2022	153,277	68,821	42,490	79,146	27,239	370,973
Depreciation						
At 1 January 2022	33,127	24,312	7,068	37,981	9,622	112,110
Charge for the year	34,819	6,381	5,032	6,009	4,881	57,122
Disposals	-	-	-	-	(1,486)	(1,486)
At 31 December 2022	67,946	30,693	12,100	43,990	13,017	167,746
Carrying amount						
At 31 December 2022	85,331	38,128	30,390	35,156	14,223	203,228
At 31 December 2021	46,870	34,402	32,609	38,912	9,764	162,557

The net book value of tangible fixed assets of the company includes an amount of £85,312 (2021 - £46,870) in respect of assets held under finance leases and hire purchase contracts.

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the company has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

13 Stocks

	2022	2021
	£	£
Cost of stocks	7,196,435	5,745,036
Provision for impairment	(57,169)	(40,318)
	<u>7,139,266</u>	<u>5,704,718</u>

The replacement cost of the above stocks is not considered to be significantly different from their carrying value.

14 Debtors

	2022	2021
	£	£
Trade debtors	2,163,979	2,212,754
Financial assets	-	7,927
Other debtors	105,261	525,003
Amounts due from parent company	1,369,971	-
Prepayments and accrued income	19,341	137,225
	<u>3,658,552</u>	<u>2,882,909</u>

The impairment loss recognised in the company profit or loss for the period in respect of bad and doubtful trade debtors was £25,926 (2021 - nil).

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15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loans	-	70,226
Trade creditors	233,760	480,126
Other creditors	1,058,513	1,133,810
Corporation tax	569,791	250,383
Other taxation and social security	62,858	-
Amounts owed to parent company	-	678,803
Hire purchase creditors	27,873	22,152
Financial liabilities	19,589	-
Accruals and deferred income	79,450	38,153
	<u>2,051,834</u>	<u>2,673,653</u>

The hire purchase creditors are secured against the assets to which the agreements relate.

Included within other creditors is an invoice discounting facility that is secured against the company's trade debtor balances. The balance of this facility at the year end was £1,052,081 (2021 - £769,539).

The bank loans are secured by a floating charge over the assets of the group and the company.

16 Creditors: amounts falling due after one year

	2022	2021
	£	£
Hire purchase creditor	70,487	33,015
Other creditors	-	4,050
	<u>70,487</u>	<u>37,065</u>

The hire purchase creditor is secured against the asset to which the agreement relates.

All amounts owed to creditors are repayable within 5 years.

17 Financial Instruments

The carrying values of the company's financial liabilities measured at fair value through profit or loss are summarised by category below:

	2022	2021
	£	£
Financial assets measured at fair value through profit or loss	-	7,927
Financial liabilities measured at fair value through profit or loss	<u>(19,589)</u>	<u>-</u>

The company's (gain)/expense in respect of financial instruments are summarised below:

	2022	2021
	£	£
On financial liabilities measured at fair value through profit or loss	<u>(19,358)</u>	<u>(69,917)</u>

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18 Provisions

	Deferred Taxation £
At 1 January 2022	37,974
Charged to profit or loss	(10,992)
At 31 December 2022	<u>26,982</u>

19 Share Capital

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

The ordinary shares each carry one voting right and no right to fixed income.

20 Reserves

Profit and loss reserves
Cumulative profit and loss net of distribution to owners.

21 Retirement benefit schemes

The company's employees are part of The People's Pension workplace pension scheme. Contributions paid by the company on behalf of its employees in the year were £10,556 (2021 - £10,451). Pension contributions of £2,382 were outstanding to be paid at the year end date (2021- £2,244).

22 Ultimate controlling party

The company is a wholly owned subsidiary of Automotive and Industrial Consumables Limited, a company registered in England and Wales.

The smallest and largest group for which consolidated financial statements including Krimpterm Limited are prepared is the group headed by Automotive and Industrial Consumables Limited. The consolidated financial statements for Automotive and Industrial Consumables Limited are available from its registered office: Texas Street, Morley, Leeds, LS27 0HG.

The directors are of the opinion that there was no single ultimate controlling party at 31 December 2022