

Company registration number 12505379 (England and Wales)

AANCO HOLDINGS LIMITED
GROUP ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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AANCO HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr BJ Gaunt Mr AR Gaunt Mr AR Gaunt Mr CS Wann
Company number	12505379
Registered office	Wellington House Wynyard Avenue Wynyard Billingham TS22 5TB
Auditor	Davies Tracey Swan House Westpoint Road Teesdale Business Park Stockton on Tees TS17 6BP

AANCO HOLDINGS LIMITED

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AANCO HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

REVIEW OF PERFORMANCE

There was a significant increase in group turnover vs 2021 though this was driven largely by increases in the costs of materials, energy and labour. Whilst we absorbed a significant amount of this we were also forced to increase prices to our customers. This is reflected in the reduced EBITDA achieved as seen below:

2022 Turnover: +14% to £41,226k vs £36,129k in 2021
2022 EBITDA: (1)% to £7,927k vs £8,002k in 2021
19.2% vs 22.1% in 2021

All trading continued to be carried out within the Aanco (UK) Ltd subsidiary under the trading name Made For Trade.

Made For Trade's mission is to **deliver the best products, with the best service at the best prices** and in a challenging year we fulfilled this with a number of key activities:

Best Products - Korniche Bi-Folding Door

The Korniche Bi-folding door was designed inhouse with a number of innovative features including the patented Speedbead™ to appeal to the installer and homeowner alike. The launch was supported by significant marketing effort and customers were excited by the product with take-up exceeding our expectations and sales quickly overtaking the Smart Visofold door. Due to the door being of our own design we are able to control our supply chain giving reduced input costs vs the Smart system supporting low pricing for a higher quality product.

Best Service – Lantern Delivery

In 2022 we made further investments in our fleet in order to commence own delivery of the Korniche lantern. This has addressed service issues with 3rd party delivery services around damages and missing parts. We will continue to invest in 2023 to expand this offering.

Best Price - Glass

As well as lantern deliveries we started to deliver glass for our Korniche bi-folding door. This has enabled us to reduce the price of our glass to our customer whilst also improving the service and reducing the overall environmental impact of our activity by reducing overall road miles. As a result we have seen the proportion of bi-fold doors sold with glass increase by around 60% with further opportunity to increase.

Further Information:

Unfortunately in 2022, following the launch of our Korniche bi-folding door, Smart Systems Ltd decided to end our longstanding and fruitful partnership which accelerated the delist of the Smart Visofold bi-folding door and forced the delist of the Smart Visoglide sliding door. This was a great disappointment for us and also resulted in a significant write down to the value of stock held for these products.

As highlighted above the inflationary pressure in the year was significant and led to a reduction in our margins. The business remains in excellent health however and we continue to make significant but sustainable investments in growth without the need for debt financing. Capital asset investment was £1.3m with a further £1.1m of capital commitments outstanding at the year end.

Profit before tax was £6.9m, in line with 2021. After deducting a tax charge of £0.7m and paying dividends of £1.5m, the net assets in the Group increased from £10.5m to £15.2m. We recorded a positive cashflow, before investments and dividends, of +£4.5m.

AANCO HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

OUR STRATEGY

In support of the mission the Made For Trade vision is ***to lead the glazing industry with product design, the highest manufacturing quality and a gold standard service loved by installers and homeowners alike.***

With innovative product design being in our DNA the accelerated move to being a 100% Korniche branded business fits with our long term strategy. Our dedicated and growing Engineering R&D department will deliver new products that have features meeting the different, but compatible, needs of our customer and the homeowner. We will continue to protect our work through patent application which also enables us to take advantage of current government taxation schemes supporting innovative companies such as ourselves.

In recent years we have invested in building the Korniche brand and communicating our products' attributes to homeowners, creating a pull on our customers. In 2022 we renewed all of the branding and invested in our website using new CGI and developing our Kwikquote product configurator. We will continue to grow the brand's reach and intend to extend this brand to new products.

To continue to deliver ***the best products with the best service at the best prices*** we will continue to reinvest a large proportion of profits in capital equipment and the development of our systems and processes. Crucial though to our success will be attracting, retaining, developing and motivating great people in our business and we will continue to review and improve our training, engagement and wider benefits.

AANCO HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the group and the execution of the group's strategy are subject to a number of risks. The group maintains and regularly reviews a risk register with actions taken to mitigate risks.

UK Macroeconomic conditions

Risk

The high inflationary environment and resulting increases in interest rates have seriously weakened consumer spending power which has a direct impact on relatively expensive, discretionary purchases. This is likely to negatively impact our sales volumes and our customers' profitability and cashflow.

Mitigation

The group actively works to reduce costs of manufacture to maintain margins whilst remaining price competitive. We work to maintain strong relationships with a diverse customer base, meeting their needs, whilst regularly and proactively reviewing and addressing customer payment performance.

Our sustainable growth approach, including maintain strong reserves, means we can comfortably continue to work towards our long term growth strategy in the face of any short term dip in performance.

Materials Pricing and Availability

Risk

The risk of supply is heightened in our business, relative to our industry, because we have developed unique products.

Mitigation

We are reviewing our supplier base with a view to increasing dual source and strengthening relationships with suppliers who can demonstrate the required standards, supported by fair and rewarding contractual agreements. We achieved dual sourcing on aluminium and glass in 2022.

Competitor Activity

Risk

Increasingly we are seeing competitors enter the lantern market with new or revised products trying to emulate the Korniche product.

Mitigation

Whilst we protect ourselves as much as possible with patents for our products it is vital that we continue to meet our commitment to **the best products with the best service at the best prices** so that our customers are satisfied and that we communicate clearly through clear and targeted marketing activity using the Korniche brand.

Reliance on Key Personnel

Risk

As a business that has already grown relatively rapidly in recent years there is a risk that further business growth becomes constrained by insufficient skills and experience

Mitigation

The group continues to follow a plan to recruit externally into key management positions bringing in skills and experience from outside of our industry. In line with ISO9001 accreditation we will continue to invest in processes supported by investment in internal software development and 3rd party systems, reducing reliance on acquired knowledge.

AANCO HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

S172 statement

In line with Section 172 of The Companies Act 2006 the directors of the group have acted in ways most likely to promote the success of the group for the benefit of its members as a whole, as set out below:

- The long term success of Made For Trade will be judged on the growth of the business through the deployment of new and innovative products. The directors recognise the criticality of investment in our people, systems and processes and make these investment decisions based on strategic alignment as opposed to short term profitability.
- We operate an open and somewhat informal business culture that encourages direct communication between all levels of employees. We are committed to supporting our employees to progress within the organisation where they have the desire to do so and provide continuous training to do so. The standards required from our employees are set out in the employee handbook and we ensure that these are maintained so as to provide a safe and welcoming environment. As part of this we maintain a whistleblowing policy should the need arise.
- Our relationships with key suppliers and customers have been key to the growth of the business and we work to maintain equitable relationships. We are sure to make all payments when due and are developing the transparency of our supplier selection processes.
- As a business that only makes aluminium products we are delivering durable and highly recyclable products. We regularly review data on our energy usage, materials waste and fuel use and take proactive measures to reduce these. This includes identifying structural changes to the whole supply chain and collaboration with suppliers to reduce overall environmental impact.
- The group understands the importance of maintaining trust with all of our stakeholders, including employees, suppliers, customers and shareholders, and strives to treat each stakeholder fairly and to meet all commitments. By acting in this way we can be a leader our industry.

On behalf of the board

Mr BJ Gaunt
Director



6 July 2023

AANCO HOLDINGS 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.

Results and dividends

The results for the year are set out on page 11.

Ordinary dividends were paid amounting to £1,512,833. The directors do not recommend payment of a final dividend.

Directors

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

Mr BJ Gaunt
Mr AR Gaunt
Mr AR Gaunt
Mr CS Wann

Financial instruments

Financial risk management and liquidity policies

The group maintains a high level of free cash and a layered approach is taken to investments with a variety of maturities and varying degrees of volatility. Management of investments with longer maturity is outsourced with appropriate policies in regards to spread of investments. In addition the business regularly forecasts cash requirements with a prudent approach taken.

Interest rate risk

The group holds limited debt related to Hire Purchase agreements on fixed interest rates and at 31st December 2022 held no interest rate dependent investments.

Foreign currency risk

The group has significant foreign currency outflows. We adhere to a policy that ensures limited short term exposure through the use of basic instruments and do not speculate on future currency movements.

Credit risk

With a large customer base we have a real risk of default, especially if market conditions are difficult for our customers. We subscribe to a credit reference agency and regularly review our credit position and payment performance by customer with appropriate actions being taken to address potential issues.

Streamlined energy and carbon report

Introduction & Methodology

Our products are made from aluminium which is almost infinitely recyclable with a well established recycling industry in the UK. In addition it's properties give our products a longer lifetime than alternatives such as uPVC and wood. When designing our products and manufacturing processes we look to maximise our efficiency reducing the environmental impact of our products.

The following table sets out our carbon emissions as required under the Companies Act 2006 and in line with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have followed the 2019 HM Government Environmental Reporting Guidelines and have used the 2022 UK Government's Conversion Factors for Company Reporting. Our emissions have been calculated for the financial control boundary, i.e. the financial year.

We have included scope 3 emissions for 3rd party distribution of our lanterns and glass units; we feel it is important to recognise these indirect emissions for a clearer picture of the impact of our operations.

AANCO HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022
<u>Greenhouse Gas Emissions in tCO₂e:</u>	
Gas	310
Fuel for own transport	547
Scope 1 Total	857
Electricity	94
Scope 2 Total	94
Fuel for 3rd Party Transport	403
Scope 3 Total	403
Total identified emissions	1,353
tCO₂e per unit sold	0.044

Energy consumption under Scope 1&2 in kWh: 4,449,281

Measures taken to improve energy efficiency

- As noted in the strategic report we have commenced combined delivery of product and glass on our vehicles giving a significant decrease in overall road miles
- We have started to track our energy usage weekly leading to direct actions to reduce use at our sites
- We have invested in electric cars and continue to monitor progress in electric commercial vehicles range and cost.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AANCO HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

DISCLOSURE IN STRATEGIC REPORT

As permitted by the Companies Act, the group has disclosed in the Strategic Report information which would otherwise be disclosed in the Directors' Report, as follows:

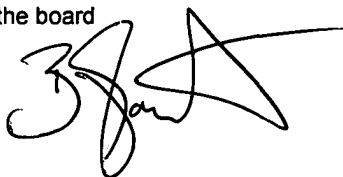
- Future developments
- Stakeholder engagement
- Research and development activities

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr BJ Gaunt
Director



6 July 2023

AANCO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AANCO HOLDINGS LIMITED

Opinion

We have audited the financial statements of Aanco Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 group's and the parent company's affairs as at 31 December 2022 and of the group'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 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 group and parent 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 group's and parent 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 our 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.

AANCO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AANCO HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 parent 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 parent company or to 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.

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 the extent to which an audit conducted under ISAs (UK) is capable of detecting irregularity, including fraud. Our procedures include:

- obtaining an understanding of the legal and regulatory frameworks applicable to the group and company, such as the Companies Act 2006;
- obtaining an understanding of how the group and company complies with the applicable legal and regulatory frameworks;
- assessing the susceptibility of the group's and company's financial statements to material misstatement, including how fraud might occur, with audit procedures including reviewing internal controls, testing supporting documentation, enquiring of group and company management and obtaining written confirmation.

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. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

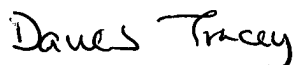
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

AANCO HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AANCO HOLDINGS 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 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.



Christopher Neasham (Senior Statutory Auditor)

For and on behalf of Davies Tracey

Chartered Accountants and Statutory Auditors

Swan House

Westpoint Road

Teesdale Business Park

Stockton on Tees

TS17 6BP

6 July 2023

AANCO HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover		41,225,601	36,128,724
Other operating income		486,788	447,077
Raw materials and consumables		(22,749,804)	(19,777,544)
Staff costs	5	(6,640,426)	(4,933,345)
Depreciation	3	(1,047,322)	(1,047,987)
Other operating expenses		(4,395,337)	(3,862,932)
Operating profit	3	6,879,500	6,953,993
Interest receivable and similar income	7	22,193	2,906
Interest payable and similar expenses	8	(17,508)	(22,554)
Profit before taxation		6,884,185	6,934,345
Tax on profit	9	(744,530)	(622,064)
Profit for the financial year		6,139,655	6,312,281

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

AANCO HOLDINGS LIMITED

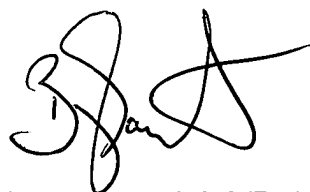
GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Fixed assets			
Intangible assets	11	218,069	194,372
Tangible assets	12	4,414,818	4,174,226
		<u>4,632,887</u>	<u>4,368,598</u>
Current assets			
Stocks	16	4,133,080	4,352,823
Debtors	17	2,149,166	2,401,396
Investments	18	7,608,101	-
Cash at bank and in hand		2,584,780	7,240,489
		<u>16,475,127</u>	<u>13,994,708</u>
Creditors: amounts falling due within one year	19	<u>(4,864,799)</u>	<u>(6,576,611)</u>
Net current assets		<u>11,610,328</u>	<u>7,418,097</u>
Total assets less current liabilities		<u>16,243,215</u>	<u>11,786,695</u>
Creditors: amounts falling due after more than one year	20	(295,258)	(483,522)
Provisions for liabilities			
Deferred tax liability	22	<u>668,261</u>	<u>633,311</u>
		(668,261)	(633,311)
Deferred income	23	<u>(105,662)</u>	<u>(122,650)</u>
Net assets		<u><u>15,174,034</u></u>	<u><u>10,547,212</u></u>
Capital and reserves			
Called up share capital	25	15,000	15,000
Share premium account		750	750
Other reserves		(5,161,950)	(5,161,950)
Profit and loss reserves		20,320,234	15,693,412
Total equity		<u><u>15,174,034</u></u>	<u><u>10,547,212</u></u>

The financial statements were approved by the board of directors and authorised for issue on 6 July 2023 and are signed on its behalf by:

Mr BJ Gaunt
Director



Company registration number 12505379 (England and Wales)

AANCO HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	13		5,181,950		5,181,950
Current assets					
Debtors	17		1,500		-
Creditors: amounts falling due within one year	19	(5,168,450)		(5,166,950)	
Net current liabilities			(5,166,950)		(5,166,950)
Net assets			15,000		15,000
Capital and reserves					
Called up share capital	25		15,000		15,000

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,369,333 (2021 - £702,667 profit).

The financial statements were approved by the board of directors and authorised for issue on 6 July 2023 and are signed on its behalf by:

Mr BJ Gaunt
Director



Company registration number 12505379 (England and Wales)

AANCO HOLDINGS LIMITED

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

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2021		15,000	-	(5,095,000)	10,179,709	5,099,709
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	6,312,281	6,312,281
Issue of share capital	25	-	750	-	-	750
Dividends	10	-	-	-	(798,578)	(798,578)
Other movements		-	-	(66,950)	-	(66,950)
Balance at 31 December 2021		15,000	750	(5,161,950)	15,693,412	10,547,212
Year ended 31 December 2022:						
Profit and total comprehensive income for the year		-	-	-	6,139,655	6,139,655
Dividends	10	-	-	-	(1,512,833)	(1,512,833)
Balance at 31 December 2022		15,000	750	(5,161,950)	20,320,234	15,174,034

AANCO HOLDINGS LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021		15,000	-	15,000
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	702,667	702,667
Dividends	10	-	(702,667)	(702,667)
Balance at 31 December 2021		15,000	-	15,000
Year ended 31 December 2022:				
Profit and total comprehensive income		-	1,369,333	1,369,333
Dividends	10	-	(1,369,333)	(1,369,333)
Balance at 31 December 2022		15,000	-	15,000

AANCO HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	32	6,374,052	7,552,312
Interest paid		(17,508)	(22,554)
Income taxes paid		(369,025)	(744,486)
Net cash inflow from operating activities		5,987,519	6,785,272
Investing activities			
Purchase of intangible assets		(80,060)	(106,985)
Proceeds from disposal of intangibles		-	45,899
Purchase of tangible fixed assets		(1,260,302)	(1,381,357)
Proceeds from disposal of tangible fixed assets		28,751	72,000
Purchase of subsidiaries, net of cash acquired		-	(4,804,950)
Purchase of investments		(7,607,393)	-
Interest received		11,322	2,906
Dividends received		10,163	-
Net cash used in investing activities		(8,897,519)	(6,172,487)
Financing activities			
Proceeds from issue of shares		-	750
Payment of finance leases obligations		(232,876)	(258,182)
Dividends paid to equity shareholders		(1,512,833)	(798,578)
Net cash used in financing activities		(1,745,709)	(1,056,010)
Net decrease in cash and cash equivalents		(4,655,709)	(443,225)
Cash and cash equivalents at beginning of year		7,240,489	7,683,714
Cash and cash equivalents at end of year		2,584,780	7,240,489

AANCO HOLDINGS LIMITED

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

1 Accounting policies

Company information

Aanco Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Wellington House, Wynyard Avenue, Wynyard, Billingham, TS22 5TB.

The group consists of Aanco Holdings Limited and all of its subsidiaries.

1.1 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 under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

Acquisitions are accounted for using merger accounting where appropriate.

During the year ended 31 December 2020 the group underwent a reconstruction. Aanco Holdings Limited acquired 100% of the shares in Aanco (UK) Limited with 75% of the shares being acquired by way of a share for share exchange and 25% for cash. Although this reconstruction did not meet the merger accounting criteria under Financial Reporting Standard 102 and the Companies Act 2006, the acquisition has been accounted for using merger accounting.

The consolidated financial statements have been presented as if Aanco Holdings Limited and Aanco (UK) Limited had always been part of the group. If the acquisition method had been used, goodwill on acquisition (estimated to be roughly £13m) would have been recognised in the consolidated balance sheet with a related amortisation charge (estimated to be roughly £1.3m per annum). As a result, net assets as shown in the consolidated balance sheet as at 31 December 2022 would have been higher than as shown using merger accounting (by an amount estimated to be roughly £9.4m). Consolidated profit after taxation in the year ended 31 December 2022 using the acquisition method would have been roughly £1.3m lower compared to using merger accounting.

The directors consider that this departure from the provisions of Financial Reporting Standard 102 and the Companies Act 2006 is necessary in order for the consolidated financial statements to give a true and fair view. The consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102 and the Companies Act 2006 in all other respects.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Aanco Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

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

1.5 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, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	- 5 years
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AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Tangible fixed assets

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

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

Freehold land and buildings	2% on cost on buildings
Leasehold improvements	in accordance with the lease
Plant and equipment	15% on cost
Office Equipment	15% - 33% on cost
Motor vehicles	15% - 20% on cost

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 recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange published by the Bank of England for the last working day of the preceding calendar month. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

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

3 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(51,101)	(29,742)
Research and development costs	17,602	35,516
Government grants	-	(46,669)
Depreciation of owned tangible fixed assets	788,270	681,164
Depreciation of tangible fixed assets held under finance leases	195,707	223,375
Loss on disposal of tangible fixed assets	6,982	81,010
Amortisation of intangible assets	56,363	60,899
(Profit)/loss on disposal of intangible assets	-	1,539
Operating lease charges	646,545	728,592

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,750	3,500
Audit of the financial statements of the company's subsidiaries	9,000	7,500
	<u>12,750</u>	<u>11,000</u>

5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Production	169	149	-	-
Administration	59	48	-	-
Distribution	11	10	-	-
Directors	5	2	-	-
Total	<u>244</u>	<u>209</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	5,992,804	4,474,415	-	-
Social security costs	516,630	362,706	-	-
Pension costs	130,992	96,224	-	-
	<u>6,640,426</u>	<u>4,933,345</u>	<u>-</u>	<u>-</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	151,655	44,901
Company pension contributions to defined contribution schemes	3,446	4,424
	<u>155,101</u>	<u>49,325</u>

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	7,406	535
Other interest income	3,916	2,371
Total interest revenue	11,322	2,906
Other income from investments		
Dividends received	10,163	-
Gains on financial instruments measured at fair value through profit or loss	708	-
Total income	22,193	2,906
	2022 £	2021 £
Investment income includes the following:		
Interest on financial assets measured at fair value through profit or loss	708	-
Dividends from financial assets measured at fair value through profit or loss	10,163	-

8 Interest payable and similar expenses

	2022 £	2021 £
Other finance costs:		
Interest on finance leases and hire purchase contracts	17,508	22,554

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	709,580	692,458
Adjustments in respect of prior periods	-	(303,809)
Total current tax	709,580	388,649
Deferred tax		
Origination and reversal of timing differences	34,950	233,415
Total tax charge	744,530	622,064

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	6,884,185	6,934,345
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,307,995	1,317,526
Tax effect of expenses that are not deductible in determining taxable profit	16,440	23,433
Tax effect of income not taxable in determining taxable profit	(215)	-
Unutilised tax losses carried forward	81	-
Adjustments in respect of prior years	-	(303,809)
Effect of change in corporation tax rate	8,388	151,994
Permanent capital allowances in excess of depreciation	(38,691)	(19,584)
Deferred tax adjustments in respect of prior years	-	(31,281)
Enhanced expenditure	(549,468)	(516,215)
Taxation charge	744,530	622,064

10 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Interim paid	1,512,833	798,577

11 Intangible fixed assets

Group	Software £
Cost	
At 1 January 2022	319,888
Additions	80,060
At 31 December 2022	399,948
Amortisation and impairment	
At 1 January 2022	125,516
Amortisation charged for the year	56,363
At 31 December 2022	181,879

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets

(Continued)

Carrying amount

At 31 December 2022 218,069

At 31 December 2021 194,372

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

12 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold improvements £	Plant and equipment £	Office Equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2022	121,925	1,438,002	3,088,185	298,938	1,313,829	6,260,879
Additions	-	60,640	515,630	59,832	624,200	1,260,302
Disposals	-	(5,638)	-	(53,391)	(69,935)	(128,964)
At 31 December 2022	121,925	1,493,004	3,603,815	305,379	1,868,094	7,392,217
Depreciation and impairment						
At 1 January 2022	10,160	346,528	1,193,576	154,374	382,015	2,086,653
Depreciation charged in the year	24,397	164,903	459,746	70,955	263,976	983,977
Eliminated in respect of disposals	-	(1,705)	-	(50,349)	(41,177)	(93,231)
At 31 December 2022	34,557	509,726	1,653,322	174,980	604,814	2,977,399
Carrying amount						
At 31 December 2022	87,368	983,278	1,950,493	130,399	1,263,280	4,414,818
At 31 December 2021	111,765	1,091,474	1,894,609	144,564	931,814	4,174,226

The company had no tangible fixed assets at 31 December 2022 or 31 December 2021.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	-	72,159	-	-
Motor vehicles	519,677	715,383	-	-
	519,677	787,542	-	-

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	5,181,950	5,181,950
Movements in fixed asset investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 January 2022 and 31 December 2022					5,181,950
Carrying amount					
At 31 December 2022					5,181,950
At 31 December 2021					5,181,950

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct Indirect	
Aanco Group Limited	Wellington House, Wynyard Avenue, Wynyard, Billingham TS22 5TB	Ordinary	100.00	-
Aanco (UK) Limited	Wellington House, Wynyard Avenue, Wynyard, Billingham TS22 5TB	Ordinary	-	100.00

15 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	7,608,101	-	-	-

16 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	4,133,080	4,352,823	-	-

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

17 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	1,927,453	2,146,032	-	-
Corporation tax recoverable	-	35,809	-	-
Other debtors	31,914	19,233	1,500	-
Prepayments and accrued income	189,799	200,322	-	-
	<u>2,149,166</u>	<u>2,401,396</u>	<u>1,500</u>	<u>-</u>

18 Current asset investments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Unlisted investments	<u>7,608,101</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	21	188,264	232,876	-	-
Trade creditors		2,220,364	3,579,272	-	-
Amounts owed to group undertakings		-	-	5,168,450	5,166,950
Corporation tax payable		304,746	-	-	-
Other taxation and social security		857,827	329,968	-	-
Other creditors		37,386	70,107	-	-
Accruals and deferred income		1,256,212	2,364,388	-	-
		<u>4,864,799</u>	<u>6,576,611</u>	<u>5,168,450</u>	<u>5,166,950</u>

Obligations under finance leases are secured against the assets to which they relate.

20 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	21	<u>295,258</u>	<u>483,522</u>	<u>-</u>	<u>-</u>

Obligations under finance leases are secured against the assets to which they relate.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	199,301	250,234	-	-
In two to five years	303,576	502,828	-	-
	<u>502,877</u>	<u>753,062</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(19,355)	(36,664)	-	-
	<u>483,522</u>	<u>716,398</u>	<u>-</u>	<u>-</u>

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	671,075	635,177
Other timing differences	(2,814)	(1,866)
	<u>668,261</u>	<u>633,311</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	633,311	-
Charge to profit or loss	34,950	-
	<u>668,261</u>	<u>-</u>
Liability at 31 December 2022		

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

23 Deferred income

	Group 2022 £	2021 £	Company 2022 £	2021 £
Other deferred income	105,662	122,650	-	-

24 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	130,992	96,224

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	15,000	15,000	15,000	15,000

In addition to the above, 150 A Ordinary shares of 0.01p each have been allotted, called up and fully paid by Aanco Group Limited.

The A Ordinary shares are non-voting and carry conditions and restrictions over their disposal and any return of capital. Different rates of dividend may be declared in respect of the different classes of share.

26 Financial commitments, guarantees and contingent liabilities

The group guarantees its products for up to ten years. Rectification work is considered to be an ongoing charge but the group accepts that it has contingent liability to carry out this work. The value of this liability cannot be ascertained with any accuracy but the group's past experience of rectification work indicates that it will not be material to the reading of these financial statements and therefore no provision has been made.

Grants receivable may be repayable in part or in full if certain conditions associated with the grants are not met.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	625,889	604,047	-	-
Between two and five years	639,814	1,265,703	-	-
	<u>1,265,703</u>	<u>1,869,750</u>	<u>-</u>	<u>-</u>

28 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	<u>1,056,556</u>	<u>19,976</u>	<u>-</u>	<u>-</u>

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	<u>155,101</u>	<u>94,444</u>

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchases 2022 £	Purchases 2021 £
Group		
Other related parties	<u>-</u>	<u>27,498</u>

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

29 Related party transactions

(Continued)

	Dividends paid	
	2022	2021
	£	£
Group		
Key management personnel	1,512,833	798,578
	<u> </u>	<u> </u>
Company		
Key management personnel	1,369,333	702,667
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022	2021
	£	£
Group		
Key management personnel	(7,073)	(6,928)
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022	2021
	Balance	Balance
	£	£
Group		
Key management personnel	555	3,828
Other related parties	-	6,334
	<u> </u>	<u> </u>

30 Directors' transactions

During the year the company made advances to directors of £5,395 and £8,667 was repaid by the directors (2021 - £6,841 and £3,012 respectively). Interest where applicable was charged at 2.0% per annum. All amounts were repayable on demand.

31 Controlling party

The controlling party is Mr B Gaunt.

AANCO HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

32 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	6,139,655	6,312,281
Adjustments for:		
Taxation charged	744,530	622,064
Finance costs	17,508	22,554
Investment income	(22,193)	(2,906)
Loss on disposal of tangible fixed assets	6,982	81,010
(Gain)/loss on disposal of intangible assets	-	1,539
Amortisation and impairment of intangible assets	56,363	60,899
Depreciation and impairment of tangible fixed assets	983,977	904,539
Decrease in deferred income	(16,988)	(16,990)
Movements in working capital:		
Decrease/(increase) in stocks	219,743	(1,828,668)
Decrease in debtors	216,421	84,604
(Decrease)/increase in creditors	(1,971,946)	1,311,386
Cash generated from operations	6,374,052	7,552,312

33 Analysis of changes in net funds - group

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	7,240,489	(4,655,709)	2,584,780
Obligations under finance leases	(716,398)	232,876	(483,522)
	<u>6,524,091</u>	<u>(4,422,833)</u>	<u>2,101,258</u>