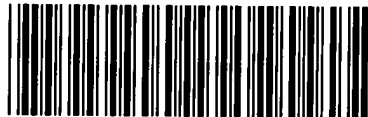


Company registration number 01293580 (England and Wales)

GODIVA BEARINGS (SOUTHERN) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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GODIVA BEARINGS (SOUTHERN) LTD

COMPANY INFORMATION

Directors T J Brain
T Hamlett
P Cuthill

Secretary T J Brain

Company number 01293580

Registered office Unit 3 Shepperton Business Park
Govett Avenue
Shepperton
Middlesex
TW17 8BA

Auditor Jacob Cavenagh & Skeet
5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

GODIVA BEARINGS (SOUTHERN) LTD

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GODIVA BEARINGS (SOUTHERN) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Fair review of the business

The directors are pleased to report that the company has increased its turnover by 12.2% although it still remains 4% below the pre-covid level. Gross profit is up 5% which indicates that trading conditions still remain difficult.

Principal risks and uncertainties

Covid-19

Covid-19 has had a serious impact on the UK economy as a whole from March 2020 onwards and the company is not an exception. The directors are pleased to report that the recovery in the last 6 months of 2021 has continued through 2022 and the business generated a net trading profit. This along with the strong cash balances has meant that the company has not drawn on any of the loans offered by the chancellor and it has not had to delay any of its crown payments.

Other risks and uncertainties

The business has identified 3 further key areas in which it faces some form of exposure but has taken steps to minimise each case.

- Exposure to exchange rates in its foreign activities has been addressed by the business both buying and selling in the three major currencies: Sterling, Euros and US Dollars. Activities have meant that it holds cash balances in each of these currencies thus alleviating any major fluctuations in exchange rates.
- The market in which the business operates is finite and to address this, the business continues to develop its product portfolio to offer more and more to its customers.
- The business has identified that there is a shortage of staff with the right level of skills on the market and to address this it has commenced a program of recruiting staff and putting them through "apprentice" style training courses to ensure that the correct skill levels are reached.

The business's principal financial instruments comprise of bank balances, stock, trade debtors and trade creditors. The purpose of these financial instruments is to finance the business's operations.

Bank balances are held in such a way as to minimise interest and charges paid.

Trade debtors are controlled using a very strict credit control program to minimise the risk of bad debts and to ensure that there is enough liquidity in the business to pay its trade creditors.

On behalf of the board



T J Brain
Director

29 November 2022

GODIVA BEARINGS (SOUTHERN) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Principal activities

The company acts as distributors, dealers and wholesalers of bearings and other products to the engineering industry.

Directors

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

T J Brain
T Hamlett
P Cuthill

Results and dividends

The results for the year are set out on .

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Jacob Cavenagh & Skeet, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



T J Brain
Director

29 November 2022

GODIVA BEARINGS (SOUTHERN) LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF GODIVA BEARINGS (SOUTHERN) LTD

Opinion

We have audited the financial statements of Godiva Bearings (Southern) Ltd (the 'company') for the year ended 31 March 2022 which comprise , the balance sheet, the statement of changes in equity 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 as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

GODIVA BEARINGS (SOUTHERN) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF GODIVA BEARINGS (SOUTHERN) LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

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

Based on our understanding of the company, we identified that the principal risks of non-compliance with laws and regulations related to employment and financial reporting legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management, considering the internal controls in place and discussion amongst the engagement team.

We determined that the principal risks were related to valuation of stock, management bias in accounting estimates, presentation of separately disclosed items and management override of controls.

In response to the risks identified we designed procedures which included, but were not limited to:

- checking and testing stock valuation calculations
- agreeing financial statement disclosures to underlying supporting documentation
- identifying and testing journal entries
- evaluating the company's internal controls
- challenging significant accounting estimates

GODIVA BEARINGS (SOUTHERN) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF GODIVA BEARINGS (SOUTHERN) LTD

There are inherent limitations in the audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.



Paul Newton FCA

Senior Statutory Auditor

For and on behalf of Jacob Cavenagh & Skeet

Date: **6 December 2022**

Chartered Accountants

Statutory Auditor

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

GODIVA BEARINGS (SOUTHERN) LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover		16,397,019	14,606,434
Other operating income and cost of sales		(11,756,767)	(10,195,255)
Administrative expenses		(2,335,336)	(2,488,992)
		-	61,577
Operating profit	4	2,304,916	1,983,764
Interest receivable and similar income	7	195	-
Interest payable and similar expenses	8	-	(77)
Profit before taxation		2,305,111	1,983,687
Taxation	9	(439,991)	(381,728)
Profit for the financial year		1,865,120	1,601,959

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GODIVA BEARINGS (SOUTHERN) LTD

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	10		166,260		186,168
Current assets					
Stocks	11	8,783,270		8,794,323	
Debtors	12	10,749,917		10,668,726	
Cash at bank and in hand		4,396,638		2,393,547	
		23,929,825		21,856,596	
Creditors: amounts falling due within one year	13	(5,105,065)		(4,911,758)	
Net current assets			18,824,760		16,944,838
Total assets less current liabilities			18,991,020		17,131,006
Provisions for liabilities					
Deferred tax liability	14	27,893		32,999	
			(27,893)		(32,999)
Net assets			18,963,127		17,098,007
Capital and reserves					
Called up share capital	16		12		12
Profit and loss reserves			18,963,115		17,097,995
Total equity			18,963,127		17,098,007

The financial statements were approved by the board of directors and authorised for issue on 29 November 2022 and are signed on its behalf by:



T J Brain
Director

Company Registration No. 01293580

GODIVA BEARINGS (SOUTHERN) LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	12	15,496,036	15,496,048
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	1,601,959	1,601,959
Balance at 31 March 2021	12	17,097,995	17,098,007
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	1,865,120	1,865,120
Balance at 31 March 2022	<u>12</u>	<u>18,963,115</u>	<u>18,963,127</u>

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Godiva Bearings (Southern) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Unit 3 Shepperton Business Park, Govett Avenue, Shepperton, Middlesex, TW17 8BA.

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.

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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement 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 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of S P Macbeth 5 Limited. These consolidated financial statements are available from its registered office, Unit 3 Shepperton Business Park, Govett Avenue, Shepperton, Middlesex TW17 8BA.

1.2 Going concern

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

1.3 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.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the 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.

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.4 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:

Land and buildings Leasehold	14% on cost
Plant and machinery	20% to 33% on cost
Fixtures, fittings & equipment	15% on cost
Computer equipment	10% to 20% on cost
Motor vehicles	33% 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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 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.

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include 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.

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 company 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.

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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 company 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 company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company 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 company.

1.10 Taxation

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

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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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 when the company has 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.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. These contributions are invested separately from the company's assets.

1.13 Leases

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 leases asset are consumed.

1.14 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. 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.

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 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 the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock

Stock is valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and stock loss trends.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by geographical market		
UK	13,367,707	10,726,946
Europe	1,621,248	2,645,454
USA	713,269	477,003
Other	694,795	757,031
	<u>16,397,019</u>	<u>14,606,434</u>
	2022 £	2021 £
Other significant revenue		
Interest income	195	-
Grants received	538	61,577
	<u></u>	<u></u>

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	4,631	45,476
Government grants	(538)	(61,577)
Fees payable to the company's auditor for the audit of the company's financial statements	12,030	11,940
Depreciation of owned tangible fixed assets	79,935	70,885
Profit on disposal of tangible fixed assets	(9,998)	-
Operating lease charges	25,894	58,158
	<u>25,894</u>	<u>58,158</u>

5 Employees

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

	2022 Number	2021 Number
Office and management	11	11
Sales and distribution	33	31
	<u>44</u>	<u>42</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,380,598	1,336,429
Social security costs	142,729	127,872
Pension costs	29,029	28,712
	<u>1,552,356</u>	<u>1,493,013</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	279,033	274,303
Company pension contributions to defined contribution schemes	4,839	5,422
	<u>283,872</u>	<u>279,725</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2021 - 3).

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director: :

	2022 £	2021 £
Remuneration for qualifying services	133,771	131,186
Company pension contributions to defined contribution schemes	2,280	2,280

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Other interest income	195	-

8 Interest payable and similar expenses

	2022 £	2021 £
Other interest	-	77

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	445,097	385,252
Adjustments in respect of prior periods	-	51
Total current tax	445,097	385,303
Deferred tax		
Origination and reversal of timing differences	(5,106)	(3,575)
Total tax charge	439,991	381,728

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 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	<u>2,305,111</u>	<u>1,983,687</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	437,971	376,901
Tax effect of expenses that are not deductible in determining taxable profit	4,723	4,776
Permanent capital allowances in excess of depreciation	(2,703)	-
Under/(over) provided in prior years	-	51
Taxation charge for the year	<u>439,991</u>	<u>381,728</u>

10 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2021	151,685	846,441	555,965	24,548	1,578,639
Additions	21,500	1,445	2,282	43,664	68,891
Disposals	-	-	-	(24,548)	(24,548)
At 31 March 2022	<u>173,185</u>	<u>847,886</u>	<u>558,247</u>	<u>43,664</u>	<u>1,622,982</u>
Depreciation and impairment					
At 1 April 2021	136,297	694,735	546,437	15,002	1,392,471
Depreciation charged in the year	5,610	56,608	3,693	14,024	79,935
Eliminated in respect of disposals	-	-	-	(15,684)	(15,684)
At 31 March 2022	<u>141,907</u>	<u>751,343</u>	<u>550,130</u>	<u>13,342</u>	<u>1,456,722</u>
Carrying amount					
At 31 March 2022	<u>31,278</u>	<u>96,543</u>	<u>8,117</u>	<u>30,322</u>	<u>166,260</u>
At 31 March 2021	<u>15,388</u>	<u>151,706</u>	<u>9,528</u>	<u>9,546</u>	<u>186,168</u>

11 Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>8,783,270</u>	<u>8,794,323</u>

GODIVA BEARINGS (SOUTHERN) LTD

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

12 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	3,426,137	3,351,448
Amounts owed by group undertakings	7,120,991	7,116,901
Other debtors	10,998	10,792
Prepayments and accrued income	191,791	189,585
	<u>10,749,917</u>	<u>10,668,726</u>

13 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,810,137	1,702,916
Amounts owed to group undertakings	2,492,342	2,552,838
Corporation tax	220,069	165,167
Other taxation and social security	177,631	167,463
Other creditors	60,542	46,097
Accruals and deferred income	344,344	277,277
	<u>5,105,065</u>	<u>4,911,758</u>

14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022	Liabilities 2021
	£	£
Balances:		
Accelerated capital allowances	<u>27,893</u>	<u>32,999</u>
Movements in the year:		2022
		£
Liability at 1 April 2021		32,999
Credit to profit or loss		(5,106)
Liability at 31 March 2022		<u>27,893</u>

£5,000 of the deferred tax liability is expected to reverse in the next 12 months as the accelerated capital allowances unwind.

GODIVA BEARINGS (SOUTHERN) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>29,029</u>	<u>28,712</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 0.025p each	<u>48,000</u>	<u>48,000</u>	<u>12</u>	<u>12</u>

17 Financial commitments, guarantees and contingent liabilities

The company's bankers have provided a VAT deferment bond with recourse to the company. The potential liability to the bank amounts to £40,000.

There is a fixed and floating charge over the assets of the company to secure any amounts that are due under invoice financing.

18 Operating lease commitments

Lessee

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

	2022	2021
	£	£
Within one year	231,964	244,121
Between two and five years	809,337	837,041
In over five years	196,582	356,032
	<u>1,237,883</u>	<u>1,437,194</u>

19 Ultimate controlling party

The ultimate holding company is SP Macbeth 5 Limited (incorporated in England & Wales).

Copies of the holding company's accounts are available from the company secretary at Unit 3, Shepperton Business Park, Govett Avenue, Shepperton TW17 8DA.

The company was ultimately controlled at the year end by three directors: T Brain, T Hamlett and P Cuthill.